NEW ISSUE - Book Entry Only

Moody's Rating: MIG-1
Standard & Poor's Rating: SP-1+
Fitch Rating: F1+
(See "Ratings" herein)

In the opinion of Moore Smith Buxton & Turcke, Chartered, Bond Counsel, under currently existing laws, regulations, decisions and interpretations and assuming, among other things, compliance with certain covenants, interest on the Notes is excluded from gross income subject to federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, but such interest is included in earnings and profits in computing the federal alternative minimum taxes imposed on certain corporations. The Notes are not private activity bonds. Bond Counsel is also of the opinion that, under the laws of the State of Idaho, as enacted and construed as of the date hereof, interest on the Notes is excluded from gross income for purposes of income taxation by the State of Idaho, to the extent that such interest is excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$600,000,000
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2008
(CUSIP NO. 451434 BN3)

Dated: Date of Delivery **Due:** June 30, 2009

Interest Rate 3.00%
Priced to Yield 1.72%

The Notes initially will be issued in registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry form in denominations of $5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will be dated the date of delivery, and will not be subject to redemption prior to maturity. Principal and interest will be payable when due to DTC or its nominee by U.S. Bank National Association, Salt Lake City, Utah, as Escrow/Paying Agent as described under Appendix D - "DTC and the Book-Entry-Only System." Interest on the Notes is payable at maturity.

Principal thereof and interest on the Notes are payable from General Tax Revenues (as defined herein) collected by the State of Idaho (the "State") during the fourth quarter of the 2009 fiscal year, sufficient to pay principal thereof and interest thereon as the same become due. In addition, the Notes are secured by the faith and credit of the State.

The Notes are offered when, as and if issued and received by the Underwriters, subject to the approval of validity and legality by Moore Smith Buxton & Turcke, Chartered, Boise, Idaho, Bond Counsel, and to certain other conditions. The Notes will be available for delivery to DTC in New York, New York, on or about July 1, 2008.

BANC OF AMERICA SECURITIES LLC

ZIONS BANK

KEYBANC CAPITAL MARKETS

STATE OFFICIALS

The Honorable Ron G. Crane
STATE TREASURER

The Honorable C. L. “Butch” Otter	Governor
The Honorable James E. Risch	Lieutenant Governor
The Honorable Ben Ysursa	Secretary of State
The Honorable Donna Jones	State Controller
The Honorable Lawrence Wasden	Attorney General
The Honorable Tom Luna	Superintendent of Public Instruction

FINANCIAL ADVISOR

C^2 FINANCIAL, LLC

BOND COUNSEL

MOORE SMITH BUXTON & TURCKE, CHARTERED

UNDERWRITERS

BANC OF AMERICA SECURITIES LLC
ZIONS BANK
KEYBANC CAPITAL MARKETS

ESCROW/PAYING AGENT

U.S. BANK NATIONAL ASSOCIATION

No person has been authorized by the State of Idaho to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Idaho since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

CUSIP Number

The CUSIP* number is included on the front cover of this Official State for convenience of the holders and potential holders of the Notes. No assurance can be given that the CUSIP numbers for the Notes will remain the same after the date of issuance and delivery of the Notes.

*CUSIP is a trademark of the American Bankers Association. The CUSIP numbers are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service.

TABLE OF CONTENTS

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PRELIMINARY OFFICIAL STATEMENT

$600,000,000
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2008

INTRODUCTION

This Official Statement of the State of Idaho (the "State") presents certain information in connection with the issuance of $600,000,000 aggregate principal amount of Tax Anticipation Notes, Series 2008 (the "Notes"). None of the references to or summaries of the laws of the State or of any documents referred to in this Official Statement purport to be complete, and all such references are qualified in their entirety by reference to the complete provisions thereof.

THE NOTES

DESCRIPTION OF THE NOTES

The Notes are being issued to fund the State's anticipated cash flow shortfalls during the fiscal year commencing on July 1, 2008, and ending June 30, 2009 (the "2009 fiscal year"). The proceeds of the sale of the Notes will be deposited in the General Fund of the State (the "General Fund") and will be used to alleviate temporary cash flow shortfalls and to finance the State's daily operations in anticipation of certain tax revenues (the "General Tax Revenues") of the State to be collected during the fourth quarter of the 2009 fiscal year (see "GENERAL TAX REVENUES"). General Tax Revenues consist primarily of individual income taxes, corporate income taxes, and sales tax. The Notes are payable from and secured by: (i) an irrevocable pledge of so much of the General Tax Revenues to be received during the fourth quarter of the 2009 fiscal year as may be necessary to pay the principal of and interest on the Notes; (ii) the State Treasurer's covenant to transfer, if necessary, any monies available (the "Borrowable Cash Resources" described hereafter) to the Note Payment Account established for the payment of the Notes, in an amount required to fully pay the principal of and interest on the Notes at maturity; and (iii) the solemn pledge of the faith and credit of the State for the payment in full of the principal of and interest on the Notes.

The Notes will be dated the date of delivery, and will mature June 30, 2009. The Notes will bear interest at 3.00% per annum, payable at maturity, calculated on the basis of a 30-day month, 360-day year. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Notes. The ownership of not more than two fully registered global Notes for the entire aggregate principal amount of the Notes will be registered in the name of Cede & Co. as nominee of DTC. See Appendix D, "DTC and the Book-Entry-Only System". The Notes are not subject to redemption prior to maturity. Principal of and interest on the Notes will be payable at maturity by U.S. Bank National Association, Salt Lake City, Utah, Paying Agent, to DTC or its nominee in lawful money of the United States for distribution to the Participants, Indirect Participants and Beneficial Owners.

AUTHORIZATION

The Notes are being issued pursuant to Article VII, Section 11, and Article VIII, Section 1, of the Constitution of the State of Idaho (the "Constitution"), and Chapter 32, Title 63, of the Idaho Code (the "Act"), and pursuant to a Resolution of the Board of Examiners of the State of Idaho adopted on March 20, 2008, and a Plan of Financing approved by the Treasurer of the State of Idaho.

The Act allows the State Treasurer, with approval of the State Board of Examiners, a constitutionally established board comprised of the Governor, the Secretary of State and the Attorney General, with the State Controller as ex officio Secretary (the "Board"), to borrow monies in anticipation of General Tax Revenues in a principal sum not to exceed 75% of the income or revenue from such taxes as the State reasonably anticipates to be collected during the fiscal year. The Board has approved, by written resolution, adopted on March 20, 2008, such borrowings during the 2009 fiscal year in an amount not to exceed $2,141,962,500. General Tax Revenues anticipated to be collected during the 2009 fiscal year are expected to be not less than $2,853,950,000, thereby imposing a limit of $2,141,962,500 on such borrowings for the 2009 fiscal year.

Pursuant to the Act, all Notes issued by the State must mature no later than the end of the then current fiscal year. The State does not currently plan to issue additional External Notes during the 2009 fiscal year, but reserves the right to do so (see "Internal and External Notes").

The Plan of Financing (see "Appendix B"), adopted by the State Treasurer, calls for the issuance of $600,000,000 Series 2008 Notes in anticipation of the income and revenues from taxes to be received during the fourth quarter of the 2009 fiscal year (April, May and June 2009). These monies may include specific, ad valorem, excise, income, franchise or license revenues. The State anticipates receiving a total of $999,788,000 in the fourth quarter of the 2009 fiscal year. The $600,000,000 in Notes to be issued is equal to 60.01% of anticipated 2009 fiscal year fourth quarter revenues and is within the 75% issuance test as set forth in the Act. Set forth in Table 1 is a description of the specific revenue and amounts that the State estimates will be received in the fourth quarter of the 2009 fiscal year (see "Security and Source of Payment"). The revenues anticipated for the 2009 fiscal year are shown on a monthly basis in Table 4 and on a quarterly basis in Table 5. See "General Tax Revenues" herein.

USE OF PROCEEDS

Timing differences between revenue collections and disbursements have caused the State to engage in interfund borrowing to fund General Fund expenditures (see "Internal and External Notes"). The State Treasurer has determined to issue the Notes to meet the anticipated cash flow requirements for the 2009 fiscal year resulting from the imbalance in timing between receipts and expenditures.

The State's major General Fund revenue sources include individual income tax, corporate income tax and sales tax. Together, these three categories comprise 95.03% of total General Fund revenues. General Fund revenues are received in relatively uneven amounts throughout the fiscal year because of various factors regarding the timing of individual income tax collections and refunds, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. As a result, the State anticipates that it will receive 41.96% of General Fund revenues/receipts in the first six months of the 2009 fiscal year. However, disbursements during the same period account for 67.84% of total expenditures.

The State's single largest item of expenditure is for public school aid which totals $1,418,542,700 or 47.13% of spending. The school aid payments are disbursed in six payments four of which occur in the first five months of the fiscal year for a total of $1,151,772,380 or 81.19% of total school aid payments. Senate bill 1234 enacted by the 2007 Legislature amended Section 33-1009, Idaho Code, to provide for a more rapid distribution of funds to public schools. This legislation changed the percentage paid for each disbursement made to the public school districts by the State board of education. Payments one and two (August and October) increased to 30% each from 20% each, the third payment (November) remained at 20%, and the fourth and fifth payments (February and May) were decreased to 10% each from 20% each. Payments made directly to the school districts in fiscal year 2009 are currently scheduled as follows:

Month	Amount
July 2008	$ 84,691,100
August 2008	400,155,480
September 2008	400,155,480
November 2008	266,770,320
February 2009	133,385,160
May 2009	133,385,160
TOTAL	$1,418,542,700

Health and Welfare expenditures, the second largest single expenditure item, totals $587,278,000 or 19.51% of the budget. The third largest expenditure item is aid to higher education, for a total of $364,750,000 which is 12.12% of the total 2009 fiscal year budget (see Table 9 – "General Fund Summary of the 2009 Fiscal Year Budget").

Proceeds received by the State from the sale of the Notes will be deposited in the General Fund and used to meet expenses required to be paid from the General Fund during the 2009 fiscal year.

The State has covenanted to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which are necessary for interest paid on the Notes to be excluded from gross income for purposes of federal income taxation. The State has projected that the cumulative cash flow deficit to be financed by the Notes will exceed 90% of the proceeds of the Notes within six months of the date of the Notes. In the event that the gross proceeds of the Notes are not expended (within the meaning of Section 148(f)(4)(B) of the Code) within six months of the date of issuance of the Notes, the State will cause to be rebated to the United States an amount equal to the excess earnings on all non-purpose investments, if any, over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Notes, plus any income attributable to such excess.

SECURITY AND SOURCES OF PAYMENT

Each Note when duly issued and paid for will constitute a valid and binding obligation of the State of Idaho. The faith and credit of the State of Idaho are solemnly pledged for the payment of the Notes.

There is established in the "Tax Anticipation Note Redemption Fund" created by Section 63-3203, Idaho Code, a special fund and account known as the "Tax Anticipation Notes, Series 2008, Note Payment Account" (the "Note Payment Account"). The Note Payment Account shall be held and invested at the direction of the State Treasurer by U.S. Bank National Association, Salt Lake City, Utah, as Escrow/Paying Agent (the "Escrow/Paying Agent"), pursuant to the provisions of an escrow agreement. Monies in the Note Payment Account will be invested in direct obligations of the Federal Government and in certain fully collateralized investments permitted under Section 67-1210, Idaho Code. The Treasurer has covenanted to invest all monies in the Note Payment Account in securities that mature no later than June 30, 2009. The Treasurer also has covenanted not to invest monies in the Note Payment Account in debt obligations of the State, its political subdivisions, or taxing districts or authorities.

In accordance with the Act, the Notes are payable from pledged fourth quarter General Tax Revenues and, to the extent necessary, from other borrowable resources of the State. All income and revenues from the taxes collected during the fourth quarter of the 2009 fiscal year (April, May and June 2009) shall be deposited into the Note Payment Account as received until the monies therein together with investment earnings earned or to be earned thereon shall be sufficient to pay principal of and interest on the Notes at maturity (see Table 4 – "State of Idaho Projected General Fund Cash Flow for the Fiscal Year Ending June 30, 2009" and "General Tax Revenues"). The State Treasurer may, but is not required to by the Plan of Financing, deposit any income and revenues from taxes received prior to the fourth quarter of the 2009 fiscal year into the Note Payment Account, and any monies so deposited into the Note Payment Account are irrevocably appropriated and set aside solely for payment of principal of and interest on the Notes.

The State Treasurer has covenanted that, in the event there are not on deposit in the Note Payment Account on or before June 30, 2009, tax revenues, together with investment earnings thereon, fully sufficient to pay the principal of and interest on the Notes at maturity, then the State Treasurer will borrow from other funds under the control of the State Treasurer (see "Borrowable Cash Resources"), subject to the requirement that such amounts be repaid when General Fund monies are available, or take any or all other legally available actions to cause to be deposited in the Note Payment Account amounts sufficient to pay the principal of and interest on the Notes at maturity. The fiscal year 2009 fourth quarter revenues of $999.8 million provide 1.67 to 1 coverage for the Notes. Borrowable Cash Resources of $2.412 billion provide 4.02 to 1 in additional coverage for the Notes. The State has projected the receipt of the following revenues to pay principal of and interest on the Notes.

FOURTH QUARTER REVENUES

TABLE 1
ESTIMATED FOURTH QUARTER REVENUES BY SOURCE FOR THE FISCAL YEAR ENDING JUNE 30, 2009
(000's omitted)

	APRIL	MAY	JUNE	TOTAL
Individual Income Tax	$ 310,261	$ 79,509	$ 146,817	$ 536,587
Corporate Income Tax	31,283	8,713	27,600	67,596
Sales Tax	108,349	106,270	114,220	328,839
Product Taxes	2,402	2,390	2,529	7,321
Miscellaneous Revenues	2,794	2,705	53,946	59,445
Non-Revenue Receipts	-	-	-	-
Total Tax Revenues	$ 455,089	$ 199,587	$ 345,112	$ 999,788

BORROWABLE CASH RESOURCES

The State Treasurer, pursuant to Section 67-1212, Idaho Code, is authorized to engage in short-term borrowings from cash balances in other funds in the State Treasury as identified in Table 7 to meet cash flow shortfalls in the General Fund, subject to the requirement that such amounts be repaid when General Fund monies are available. In the 2009 fiscal year, cash balances in the various funds maintained in the State Treasury are estimated to be $2.412 billion at June 30, 2009. Set forth in Tables 6 and 7 are the actual internal cash borrowing resources available to the State Treasurer for the 2004-2008 (estimated for April, May and June, 2008) fiscal years and the estimated internal cash borrowing resources available for the 2009 fiscal year.

In prior years, the balance available at year-end in other funds controlled by the State Treasurer has been: estimated for the 2009 fiscal year $2.412 billion; 2008 fiscal year $2.192 billion; 2007 fiscal year $2.632 billion; 2006 fiscal year $2.110 billion; 2005 fiscal year $1.955 billion; and 2004 fiscal year $2.065 billion.

In addition to the cash balances listed above, the State has funds invested in securities which are valued at $3.475 billion as of April 24, 2008.

AUTHORIZED INVESTMENTS

State law and the Treasurer's Investment Policy require that Note proceeds be invested in direct obligations of the Federal Government, FDIC insured certificates of deposit from banks located in the State, collateralized repurchase agreements or other investment instruments as specified in Section 67-1210 of the Idaho Code. The average maturity of the State's investment portfolio was 277 days as of April 17, 2008.

INTERNAL AND EXTERNAL NOTES

If the General Fund cash flow shortages exist for more than 30 days, the State Treasurer issues a tax anticipation note to correct the shortfall. The State Treasurer has issued internal tax anticipation notes which are notes issued by the General Fund to borrow monies from other available State funds or accounts, and which are subject to the requirement that such amounts be repaid when General Fund monies are available. In fiscal year 1999 the State issued two internal notes. These notes were outstanding for a period of 12-66 days and were repaid by June 30, 1999. No internal notes were issued in fiscal years 2000 and 2001. For fiscal year 2002 the State issued an internal note for $80,000,000 on March 22, 2002 which was repaid on June 28, 2002. For fiscal year 2003 the State issued an internal note for $130,000,000 on May 13, 2003 which was repaid on June 26, 2003. The State did not issue any internal notes for fiscal years 2004, 2005 and 2006. In fiscal year 2007 the State issued an internal note for $170,000,000 on December 12, 2006 which was repaid on April 25, 2007. In fiscal year 2008 the State issued an internal note for $49,300,000 on December 27, 2007 which was repaid on March 18, 2008. It is anticipated that no further internal notes will be issued in fiscal year 2008.

In the past ten fiscal years the State Treasurer has issued external Tax Anticipation Notes (the "External Notes") which were sold in the open market. Table 2 sets forth the External Notes issued by the State Treasurer for the past ten fiscal years.

TABLE 2
STATE OF IDAHO
EXTERNAL NOTES
Fiscal Years 1999-2008

FISCAL YEAR	EXTERNAL NOTES
1999	$ 300,000,000
2000	300,000,000
2001	200,000,000
2002	250,000,000
2003	350,000,000
2004	375,000,000
2005	230,000,000
2006	260,000,000
2007	100,000,000
2008	400,000,000

Source: Idaho State Treasurer

GENERAL FUND CASH FLOW

Tables 3 and 4 present the actual to-date and projected cash flow of the General Fund for May and June of the 2008 fiscal year and the projected cash flow for the 2009 fiscal year by major categories of receipts and disbursements. The 2009 fiscal year cash flow table evidences that all proceeds of the Notes are expected to have been expended within six months of their receipt. The cash flow tables should be read in conjunction with other information concerning the 2009 fiscal year budget. Certain assumptions regarding the 2009 fiscal year cash flow statements are set forth below and on the page following Table 4 (see "Assumptions Underlying The Monthly Allocation of 2009 Fiscal Year General Fund Disbursements").

SERIES 2007 NOTES

The State issued $400 million in Tax Anticipation Notes, Series 2007 (the "2007 Notes"), on July 2, 2007, which mature on June 30, 2008. The 2007 Notes were issued in anticipation of the income and revenues and taxes to be received by the General Fund during the fourth quarter of the 2008 fiscal year. In accordance with the Act, all income and revenues from the taxes collected during the fourth quarter of the 2008 fiscal year shall be deposited into the 2007 Note Payment Account as received until the monies therein together with investment earnings shall be sufficient to pay principal and interest on the Notes at maturity.

Although the State Treasurer is not required to begin funding the 2007 Note Payment Account until the fourth quarter, historically payments to previous Note Payment Accounts have begun in the third quarter of the fiscal year. Payments began being made to previous Note Payment Accounts as follows: 2001 Notes on February 14, 2002; 2002 Notes on January 15, 2003; 2003 Notes on January 18, 2004; 2004 Notes on January 12, 2005; 2005 Notes on January 10, 2006; and the 2006 Notes on January 8, 2007. As a result of the 2007 legislative changes, which provided for a more rapid distribution to the public school funds and therefore an increase in the size of the Notes issued, Note Payment Accounts most likely will begin being funded in the fourth quarter going forward.

Sufficient monies to redeem the 2007 Notes with full payment of interest at maturity have been deposited into the 2007 Note Payment Account held by the Escrow/Paying Agent. The State Treasurer began funding the 2007 Note Payment Account on April 22, 2008 and had deposited into the Note Payment Account on May 7, 2008 a total of $417,900,000. These monies will be transferred to the paying agent on June 30, 2008, for payment of the 2007 Notes.

FISCAL YEAR 2009 CASH FLOW DEFICIT

The 2009 fiscal year General Fund cash flow (before borrowing) is estimated to have a negative balance at the end of the months of August through May with the November month end cash deficit estimated to be $759,453,000 (See Table 4 – "General Fund Cash Flow."). A primary factor in the heavy percentage of first half expenditures is the required dates for General Fund transfers to the public schools. Senate Bill 1234 enacted by the 2007 Legislature amended Section 33-1009, Idaho Code, to provide for a more rapid distribution of funds to public schools.

Most months' mid-month cash deficit is estimated to be greater than the end-of-the-month deficit balance. This situation occurs because only approximately 20% of the month's revenues are received during the first two weeks while, on average, 80% of the month's expenditures occur during the same period. The majority of taxes are received during the second half of the month because of statutorily established dates for tax payments. The mid-month deficit projected for November of the 2009 fiscal year is $870,252,000 occurring on November 15, 2008.

The State of Idaho is choosing to take a conservative external borrowing approach during fiscal year 2009 and will use internal borrowing resources to cover any month end deficits not covered by the external borrowing amount.

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TABLE 3
STATE OF IDAHO
PROJECTED/ACTUAL GENERAL FUND CASH FLOW
FOR THE FISCAL YEAR ENDING JUNE 30, 2008

(000 Omitted)	ACTUAL JUL	ACTUAL AUG	ACTUAL SEPT	ACTUAL OCT	ACTUAL NOV	ACTUAL DEC	ACTUAL JAN	ACTUAL FEB	ACTUAL MAR	ACTUAL APR	ACTUAL MAY	BUDGET JUNE	YTD Actuals + Budget Proj TOTAL
BEG. CASH BAL. BEFORE BORROWING	**271,829**	**176,058**	**(152,937)**	**(438,152)**	**(344,240)**	**(562,161)**	**(437,835)**	**(298,305)**	**(361,721)**	**(308,297)**	**89,862**	**8,322**	**226,546**
RECEIPTS:													
Revenues:													
Individual Income Tax	78,272	78,241	84,962	88,933	76,611	113,479	134,800	78,120	91,253	372,868	74,996	106,400	1,378,935
Corporate Income Tax	8,440	2,061	19,200	15,023	3,752	21,708	7,728	5,553	12,883	39,353	9,865	23,833	169,399
Sales Tax	110,630	103,995	103,577	105,304	92,156	90,413	107,213	77,510	78,787	90,369	86,444	119,574	1,165,972
Product Taxes	2,342	3,741	2,352	1,972	2,058	2,008	2,014	1,916	1,986	2,195	2,051	2,169	26,804
Miscellaneous Revenues	13,747	4,606	13,148	3,788	2,934	22,188	2,290	6,424	5,403	2,707	2,407	37,582	117,224
TOTAL REVENUES	213,431	192,644	223,239	215,020	177,511	249,796	254,045	169,523	190,312	507,492	175,763	289,558	2,858,334
Non-Revenue Transfers to GF	-	-	-	-	-	-	-	-	-		-	209	209
Non-Revenue Receipts	711	842	664	1,356	647	890	1,028	1,963	1,173	1,722	824	-	11,820
TAN - Interest (offset Int Exp)	-	-	-	-	-	-	-	-	-			3,698	3,698
TOTAL REVENUE/RECEIPTS	**214,142**	**193,486**	**223,903**	**216,376**	**178,158**	**250,686**	**255,073**	**171,486**	**191,485**	**509,214**	**176,587**	**293,465**	**2,874,061**
DISBURSEMENTS:													
Expenditures:													
Personnel Costs	40,311	40,502	42,920	42,271	59,688	41,085	40,753	42,211	41,467	36,302	41,108	40,834	509,452
Operating Costs	21,910	23,971	12,080	16,801	11,988	11,966	12,080	10,666	9,056	12,551	11,304	20,027	174,400
Capital Outlay	3,589	4,017	226	2,853	1,723	1,551	1,931	1,697	2,420	1,249	3,129	2,865	27,250
Trustee & Benefit Payments	11,498	23,184	18,807	9,494	13,969	14,476	9,487	7,028	6,032	8,609	7,090	3,087	132,761
Op. Tranfers - Pub Sch	74,136	387,183	386,933	-	258,206	-	-	129,228	-	-	129,228	-	1,364,914
Op. Tranfers - All Others [1]	157,951	42,837	47,307	49,665	49,873	56,430	49,601	42,641	77,883	50,641	47,670	39,461	711,960
TOTAL EXPENDITURES	**309,395**	**521,694**	**508,273**	**121,084**	**395,447**	**125,508**	**113,852**	**233,471**	**136,858**	**109,352**	**239,529**	**106,274**	**2,920,737**
													-
Non-Operating disbursements	518	787	845	1,380	632	852	1,691	1,431	1,203	1,703	698	-	11,740
TAN - Interest Expense	-	-	-	-	-	-	-	-	-	-	17,900	3,698	21,598
TOTAL DISBURSEMENTS	**309,913**	**522,481**	**509,118**	**122,464**	**396,079**	**126,360**	**115,543**	**234,902**	**138,061**	**111,055**	**258,127**	**109,972**	**2,954,075**
													-
END. CASH BAL. BEFORE BORROWING	176,058	(152,937)	(438,152)	(344,240)	(562,161)	(437,835)	(298,305)	(361,721)	(308,297)	89,862	8,322	191,815	146,532
BEG. AFTER-BORROWING BAL	271,829	576,058	247,063	(38,152)	55,760	(162,161)	11,465	150,995	87,579	91,703	175,046	8,322	271,829
													-
BORROWING													-
Receipt	400,000					49,300							449,300
(Repayment)							-	-	(49,300)	(314,816)	(85,184)	-	(449,300)
TOTAL NET BORROWING	400,000	-	-	-	-	49,300	-	-	(49,300)	(314,816)	(85,184)	-	-
NET RECEIPTS OVER (UNDER) DISB.	(95,771)	(328,995)	(285,215)	93,912	(217,921)	124,326	139,530	(63,416)	53,424	398,159	(81,540)	183,493	**(80,014)**
END. AFTER-BORROWING CASH BAL	**576,058**	**247,063**	**(38,152)**	**55,760**	**(162,161)**	**11,465**	**150,995**	**87,579**	**91,703**	**175,046**	**8,322**	**191,815**	**191,815**

NOTES: The mid-month deficit for the 2008 fiscal year was $659,063,238 on November 15, 2007
Source: Division of Financial Management

TABLE 4
STATE OF IDAHO
PROJECTED GENERAL FUND CASH FLOW
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

(000 Omitted)	PROJECTED JUL	PROJECTED AUG	PROJECTED SEPT	PROJECTED OCT	PROJECTED NOV	PROJECTED DEC	PROJECTED JAN	PROJECTED FEB	PROJECTED MAR	PROJECTED APR	PROJECTED MAY	PROJECTED JUNE	PROJECTED TOTALS
BEG. CASH BAL. BEFORE BORROWING	**$191,815**	**$66,020**	**$(284,444)**	**$(615,466)**	**$(568,425)**	**$(759,453)**	**$(644,841)**	**$(495,165)**	**$(559,379)**	**$(474,845)**	**$(125,960)**	**$(166,239)**	**$191,815**
RECEIPTS:													
Revenues:													
Individual Income Tax	76,023	78,169	76,023	83,398	76,560	104,850	142,527	77,900	88,761	310,261	79,509	146,817	1,340,798
Corporate Income Tax	7,003	5,692	21,840	9,559	3,717	25,723	8,680	5,925	10,223	31,283	8,713	27,600	165,958
Sales Tax	93,919	91,595	92,451	95,753	106,148	104,069	128,527	88,660	92,941	108,349	106,270	114,220	1,222,902
Product Taxes	2,657	4,729	2,563	2,405	2,440	2,377	2,383	2,298	2,311	2,402	2,390	2,529	31,484
Miscellaneous Revenues	6,435	2,182	11,500	2,249	2,304	10,943	1,826	4,620	9,819	2,794	2,705	53,946	111,323
TOTAL REVENUES	**186,037**	**182,367**	**204,377**	**193,364**	**191,169**	**247,962**	**283,943**	**179,403**	**204,055**	**455,089**	**199,587**	**345,112**	**2,872,465**
Transfers to General Fund													
Non-Revenue Receipts													
TOTAL REVENUE/RECEIPTS	**186,037**	**182,367**	**204,377**	**193,364**	**191,169**	**247,962**	**283,943**	**179,403**	**204,055**	**455,089**	**199,587**	**345,112**	**2,872,465**
DISBURSEMENTS:													
Expenditures:													
Personnel Costs	56,271	51,677	47,085	63,162	45,936	56,272	51,678	45,936	45,936	40,194	35,601	34,452	574,200
Operating Costs	23,503	20,189	17,877	17,969	12,658	12,214	14,601	10,900	10,604	11,807	11,973	20,764	185,059
Capital Outlay	9,689	4,281	3,802	2,411	2,587	1,838	2,441	1,532	1,543	975	1,740	6,381	39,220
Trustee & Benefit Payments	16,584	9,755	10,659	12,193	7,473	8,867	11,549	5,091	5,454	6,461	5,585	8,710	108,381
Op. Tranfers - Public Schools [1]	84,691	400,155	400,155	0	266,770	0	0	133,386	0	0	133,386	0	1,418,543
Op. Tranfers - All Others [2]	121,094	46,774	55,821	50,588	46,773	54,159	53,998	46,773	55,984	46,767	51,582	54,007	684,320
TOTAL EXPENDITURES	**311,832**	**532,831**	**535,399**	**146,323**	**382,197**	**133,350**	**134,267**	**243,618**	**119,521**	**106,204**	**239,867**	**124,314**	**3,009,723**
Non-Operating disbursements													
TOTAL DISBURSEMENTS	**311,832**	**532,831**	**535,399**	**146,323**	**382,197**	**133,350**	**134,267**	**243,618**	**119,521**	**106,204**	**239,867**	**124,314**	**3,009,723**
END. CASH BAL. BEFORE BORROWING	66,020	(284,444)	(615,466)	(568,425)	(759,453)	(644,841)	(495,165)	(559,380)	(474,846)	(125,961)	(166,241)	54,557	54,557
BEG. AFTER-BORROWING BAL	191,815	666,020	315,556	(15,466)	31,575	(159,453)	(44,841)	104,835	40,620	125,154	474,039	(166,241)	191,815
BORROWING:													
Internal Notes													
External Notes:													
Receipt	600,000												600,000
(Repayment)												(600,000)	(600,000)
TOTAL NET BORROWING	600,000	0	0	0	0	0	0	0	0			(600,000)	0
NET RECEIPTS OVER (UNDER) DISB.	(125,795)	(350,464)	(331,022)	47,041	(191,028)	114,612	149,676	(64,215)	84,534	348,885	(40,280)	220,798	(137,258)
END. AFTER-BORROWING CASH BAL	**666,020**	**315,556**	**(15,466)**	**31,575**	**(159,453)**	**(44,841)**	**104,835**	**40,620**	**125,154**	**474,039**	**433,759**	**54,557**	**54,557**

The projected mid-month deficit for the 2009 fiscal year is $(870,252,000) on November 15, 2008

1 Beginning cash balance includes $12 million encumbrance

2 Operating Transfers -All Others includes:
$20 million in July for an Aquifer Study HB 428
$10 million in July to Opportunity Scholarship Fund SB 1476
$5.6 million in July to Permanent Building Fund SB 1498

Internal notes will be used to cover deficits
Source: Division of Financial Management

ASSUMPTIONS UNDERLYING THE MONTHLY ALLOCATION OF 2009 FISCAL YEAR GENERAL FUND DISBURSEMENTS

The 2009 fiscal year General Fund disbursements as shown on Table 4 are classified as Personnel Costs, Operating Costs, Capital Outlay, Trustee & Benefit Payments, Operating Transfers - Public Schools and Operating Transfers - All Other. The total amount allocated to each classification was determined by consolidating all the 2009 fiscal year appropriations. Once the total classifications were determined, the monthly allocations were made in the following manner:

Personnel Costs
The total personnel cost appropriation was based on the average of the five previous fiscal years with those months with three paydays assigned to the month in which those pay dates fell.

Operating Costs, Capital Outlay, Trustee and Benefit Payments
These costs were allocated on the basis of the average of the five previous fiscal years' monthly expenditure pattern.

Operating Transfers - Public Schools
Public School aid payments were allocated to the months in which the payments are to be made per Idaho Code (see "Use of Proceeds").

Operating Transfers - All Other
The agencies receiving authority to transfer funds from the General Fund were consulted as to timing of transfers.

INTEREST EXPENSE ON TAX ANTICIPATION NOTES

Since the decision to issue or not to issue tax anticipation notes (TANs) is made subsequent to the legislative session, legislative revenue estimates do not include interest earnings on unexpended TAN proceeds, nor do expenditure estimates include the related interest expense. As indicated in Table 3, interest expense on the 2007 Notes was $17,900,000. Interest expense on the 2008 Notes will be $17,950,000. However, since the 2008 fiscal year legislative revenue estimate does not include a provision for interest earnings on the Notes, TAN interest revenues and expenses have been netted to zero on Table 4 and Table 5.

The estimates of amounts and timing for receipts and disbursements for the 2009 fiscal year cash flow statement are based on certain assumptions and should not be construed as statements of fact. The assumptions are based on present circumstances and currently available information and are believed to be reasonable. The assumptions may be affected by numerous factors and there can be no assurance that such estimates will be achieved.

TABLE 5
STATE OF IDAHO
CASH FLOW SUMMARY BY QUARTER
FOR THE FISCAL YEAR ENDING JUNE 30, 2009
(000's omitted)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
BEGINNING CASH BALANCE	**$191,815**	**($15,466)**	**($44,841)**	**$125,154**	**$191,815**
REVENUES					
Individual Income Tax	$230,215	$264,808	$309,188	$536,587	$1,340,798
Corporate Income Tax	34,535	38,999	24,828	67,596	165,958
Sales Tax	277,965	305,970	310,128	328,839	1,222,902
Product Taxes	9,949	7,222	6,992	7,321	31,484
Miscellaneous Revenues	20,117	15,496	16,265	59,445	111,323
TOTAL REVENUES	**572,781**	**632,495**	**667,401**	**999,788**	**2,872,465**
Non-revenue Receipts	-	-	-	-	-
TOTAL REVENUE/RECEIPTS	**$572,781**	**$632,495**	**$667,401**	**$999,788**	**$2,872,465**
DISBURSEMENTS					
Expenditures:					
Personnel Costs	$155,033	$165,370	$143,550	$110,247	$574,200
Operating Expense	61,569	42,841	36,105	44,544	185,059
Capital Outlay	17,772	6,836	5,516	9,096	39,220
Trustee & Benefit Payments	36,998	28,533	22,094	20,756	108,381
Operating Transfers-Pub Sch	885,001	266,770	133,386	133,386	1,418,543
Operating Transfers-All Other	223,689	151,520	156,755	152,356	684,320
TOTAL APPROPRIATED EXPENDITURES	**$1,380,062**	**$661,870**	**$497,406**	**$470,385**	**$3,009,723**
Non-operating Disbursements	0	0	0	0	0
Net Interest Rev/Exp on TAN	0	0	0	0	0
TOTAL DISBURSEMENTS	**$1,380,062**	**$661,870**	**$497,406**	**$470,385**	**$3,009,723**
TAX ANTICIPATION NOTES:					
Receipt	600,000	0	0	0	600,000
Repayment	0	0	0	(600,000)	(600,000)
ENDING CASH BALANCE	**$(15,466)**	**$(44,841)**	**$125,154**	**$54,557**	**$54,557**

Source: Division of Financial Management

TABLE 6
STATE OF IDAHO
INTERNAL CASH BORROWING RESOURCES
FISCAL YEARS 2004 - 2009
(000's Omitted)

	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY-2004 Actual	$1,660,301	$1,768,234	$1,691,788	$1,728,492	$1,770,851	$2,135,682	$1,959,323	$2,118,020	$2,010,379	$1,859,298	$1,900,429	$2,065,060
FY-2005 Actual	1,786,132	1,881,719	1,791,857	1,754,261	1,852,812	2,164,291	2,110,285	2,228,666	2,047,094	1,951,062	2,017,143	1,955,448
FY-2006 Actual	1,880,913	2,002,147	2,078,639	1,903,058	2,033,607	2,107,155	2,166,365	2,320,280	2,265,516	2,222,133	2,294,644	2,110,708
FY-2007 Actual	2,072,969	2,276,356	2,431,211	2,238,032	2,394,785	2,175,895	2,355,617	2,529,731	2,465,658	2,676,576	2,869,528	2,632,974
FY-2008 Actual [1]	2,663,677	2,928,282	2,908,119	3,095,641	3,282,143	3,332,125	3,427,469	3,516,267	3,448,222	3,364,581	2,347,361	2,192,445
FY-2009 Estimate	2,399,349	2,529,279	2,608,412	2,392,904	2,506,564	2,405,438	2,490,998	2,584,869	2,543,090	2,423,318	2,658,428	2,412,146

[1] May- June are estimated for 2008

Source: Division of Financial Management

TABLE 7
STATE OF IDAHO
ESTIMATED AVAILABLE CASH BORROWING RESOURCES
FISCAL YEAR 2009
(000's Omitted)

	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
NON-INTEREST BEARING												
Lottery	$3,844	$5,227	$7,346	$11,943	$13,085	$17,616	$18,876	$22,786	$25,240	$27,633	$30,850	$32,960
Co-Op Welfare	30,986	38,175	31,304	25,498	52,493	55,852	41,568	39,771	51,850	48,801	29,766	28,372
Co-Op DEQ	687	2,424	1,047	800	2,675	2,722	2,797	3,008	3,529	3,309	3,121	1,250
Tax Commission Refunds	17,517	29,412	47,996	64,742	72,653	94,585	121,706	83,004	61,013	111,352	105,783	1,532
Circuit Breaker/Sales Tax	16,192	31,662	48,053	19,077	33,254	38,412	16,777	29,972	42,600	19,894	34,293	40,090
Department of Lands	12,098	9,925	10,172	10,458	10,299	9,209	10,070	10,014	10,128	9,814	9,618	9,116
State Regulatory Agency Accts	37,184	36,414	36,643	36,594	38,875	37,927	41,233	42,216	45,476	45,081	48,550	47,838
All Other Non Interest Bearing Funds	111,651	116,409	118,872	126,700	149,756	59,121	67,397	62,498	63,994	156,520	150,400	117,553
TOTAL NON-INTEREST BEARING	230,159	269,648	301,433	295,812	373,090	315,444	320,424	293,269	303,830	287,351	412,381	278,711
INTEREST BEARING												
Permanent Building	285,975	255,373	224,770	194,168	163,566	132,964	93,212	62,609	91,807	61,204	30,602	-
Water Pollution Control	856	1,258	1,661	2,004	2,407	664	916	1,319	1,721	1,570	1,975	1,881
Endowments	9,584	6,134	6,400	5,516	9,373	5,625	60,353	59,661	59,672	60,649	63,024	62,822
Public School Income	32,002	34,452	37,298	39,903	35,180	34,167	35,949	24,378	26,542	28,872	31,552	29,389
Unemployment Clearing	12,131	10,896	11,369	13,688	11,812	10,479	11,359	12,349	8,285	11,477	24,420	11,915
Group Insurance	73,964	74,631	74,904	79,538	75,869	70,258	76,630	80,142	81,386	82,089	82,930	81,829
State Highway Accounts	24,146	31,782	47,122	30,995	41,124	48,983	38,752	47,099	58,371	45,966	55,244	61,875
Budget Reserve	206,862	207,087	207,312	207,537	207,762	207,987	208,212	208,437	208,662	208,887	209,112	209,337
Risk Management	6,667	6,155	5,695	5,488	4,654	5,940	7,154	6,705	6,280	5,857	6,387	5,196
Idaho Millennium Fund	118,308	118,308	118,308	118,308	118,308	118,308	118,308	118,308	118,308	150,165	150,165	150,165
Land Improvement	16,823	21,694	16,037	16,093	19,655	16,458	13,937	18,687	16,130	15,767	19,305	17,518
Liquor Control	13,148	11,896	12,757	9,427	11,746	14,500	14,198	15,294	17,440	15,290	17,537	13,139
Petroleum Price	5,953	5,905	5,886	5,852	5,823	5,786	5,769	5,736	5,696	5,657	5,621	5,553
Interagency Billing Accounts	8,139	9,298	8,641	8,346	9,755	8,621	10,695	11,106	10,433	10,011	10,194	8,165
Joint Exercise of Powers	1,087,664	1,206,266	1,273,178	1,101,086	1,145,393	1,144,284	1,221,743	1,361,548	1,268,158	1,161,073	1,262,769	1,210,274
Catastrophic Health Care	16,587	14,683	14,172	11,919	10,951	9,225	7,713	5,396	7,062	5,514	3,233	220
All Other Interest Bearing funds	250,381	243,813	241,469	247,224	260,096	255,745	245,674	252,826	253,307	265,919	271,977	264,157
TOTAL INTEREST BEARING	2,169,190	2,259,631	2,306,979	2,097,092	2,133,474	2,089,994	2,170,574	2,291,600	2,239,260	2,135,967	2,246,047	2,133,435
TOTAL INTERNAL CASH BORROWING RESOURCES	2,399,349	2,529,279	2,608,412	2,392,904	2,506,564	2,405,438	2,490,998	2,584,869	2,543,090	2,423,318	2,658,428	2,412,146

Source: Division of Financial Management

UNOBLIGATED CASH BALANCE AND BUDGET RESERVE FUND

The General Fund unobligated cash balance for the past ten years is listed below. These figures represent the ending cash balance less encumbrances.

Fiscal Year	Unobligated Cash Balance
1999	$ 46,555,079
2000	179,524,220
2001	182,692,000
2002	1,343,000
2003	15,746,000
2004	100,244,000
2005	211,041,000
2006	298,659,000
2007	247,274,000
2008 (estimated)	179,815,000

Source: Division of Financial Management

The Budget Reserve Fund for the past six years is listed below.

Fiscal Year	Budget Reserve Fund
2003	$ 0
2004	0
2005	15,971,000
2006	108,647,900
2007	121,565,500
2008 (estimated)	140,624,600

Source: Division of Financial Management

STATE FINANCES

STATEWIDE ACCOUNTING POLICIES AND PRACTICES

The Statewide Accounting and Reporting System (STARS) is an accounting, financial reporting, and budgetary control system and is the accounting system of record for the State. The State maintains records on a budgetary (cash) basis during the fiscal year and records adjustments for financial reporting purposes at fiscal year end.

FINANCIAL REPORTING AND BUDGETING

The State produces a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles as defined by the Government Accounting Standards Board. The State's CAFR can be viewed at http://www.sco.idaho.gov. The CAFR has received unqualified audit opinions from the State's auditors and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association since 1997.

The state Division of Financial Management prepares the Governor's Executive Budget; monitors legislative action involving the budget; and produces the revenue and economic forecasts. The Governor's Executive Budget; the Budget Activity Summary, which includes legislative action taken through the 2008 session and delineates changes to the Governor's budget; and the General Fund Revenue Book are all available at http://dfm.idaho.gov. (The State's website is not part of this official statement, and investors should not rely on information which is presented in the State's website in determining whether to purchase Notes. This inactive textual reference to the State's website is not a hyperlink and does not incorporate the State's website, by reference.)

GASB STATEMENT NO. 45 - OPEB

In June 2004 the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The requirements of this Statement are effective for the fiscal year ending June 30, 2008.

The State retained a private actuarial firm, Milliman, Inc. to calculate the State's liability for its postemployment benefits. In its report dated August 20, 2007, Milliman, Inc. completed an actuarial valuation of the postemployment benefits as of July 1, 2006. The report concluded that the actuarial accrued liability, as of July 1, 2006 was $286.1 million if the State prefunds this obligation; if the obligation is not funded, the liability as of July 1, 2006 was $408.6 million. The State is not required to prefund the liability. The State continues to study the most effective way to address the OPEB liability.

STATE FINANCIAL ADMINISTRATION

The State Controller is responsible for maintaining the uniform Statewide Accounting and Reporting System (STARS). STARS records the budgetary and financial transactions of the State for the General Fund and all other funds maintained by the State Treasurer.

The State Treasurer is responsible for the receiving and disbursement of all State monies, management of all bank accounts and investments of surplus cash. Some funds are invested separately and the remaining cash balances are combined for investment purposes. All interest earned is credited to the General Fund unless otherwise required by law.

REVENUE PROJECTION PROCESS

Since 1993 (fiscal year 1994), the Legislature has not produced its own revenue forecast. However, a joint legislative economic outlook committee meets at the beginning of the legislative session to review the executive revenue forecast and advise legislative leadership concerning the viability of that forecast.

During the interim period between legislative sessions, monthly cash receipts are tracked. A revenue monitoring group composed of representatives of the State Treasurer, Legislative Services, the State Controller, the State Tax Commission and the Division of Financial

Management review actual receipts and projections on an as needed basis. Legislative leaders are kept informed of revenue trends and prospects by the Legislative Budget and Policy Analysis Section.

The Legislature and the Governor of the State have a constitutional responsibility for achieving a balanced budget. In January 2008 the Legislature adopted the executive general fund revenue forecast for fiscal year 2008 and fiscal year 2009. In February 2008 the Legislature adopted the updated executive general fund revenue forecast for fiscal year 2008 and fiscal year 2009 that was issued after significant changes were made to the U.S. and Idaho economic forecasts.

EXECUTIVE REVENUE FORECASTS

The Executive branch forecasts General Fund revenues for use in the development of the Executive Budget and for management of current year fiscal operations. Official Executive Revenue Forecasts are released two times each year and monthly revenues are monitored year-round on an on-going basis. The semiannual forecast update cycle results in three separate executive revenue forecasts for each fiscal year. The first occurs in January, six months before the start of the fiscal year in question. The second is in July, at the beginning of the fiscal year in question. The third, and final, forecast is in January at the midpoint through the fiscal year in question.

A variance occurred in the aforementioned revenue forecasting schedule in 2008. The original forecasts for fiscal year 2008 and fiscal year 2009 that were released in January 2008 were superseded in February 2008 as a result of significant changes that were made in Global Insight's February 2008 U.S. Economic Outlook. With that forecast, Global Insight incorporated a U.S. recession beginning in the first half of 2008 into their baseline forecast. That change to the U.S. economic outlook was deemed to be of such significance that new Idaho economic and revenue forecasts were needed to properly reflect the current economic and revenue outlook. Those Idaho forecast updates were produced in February 2008 and incorporated into the budget process. The Legislature reviewed and formally adopted the updated forecasts on February 18, 2008.

IDAHO MILLENNIUM FUND

During the 2000 legislative session, the Idaho Legislature amended Title 67 of the Idaho Code by adding Chapter 18 relating to the Idaho Millennium Fund. This legislation established the Idaho Millennium Fund to receive, invest, and disburse funds that the State of Idaho is receiving as a result of the master settlement agreement reached with tobacco companies.

During the 2006 session the Legislature approved Senate Joint Resolution No. 107 that proposed an amendment to the Idaho constitution to create the Idaho Millennium Permanent Endowment Fund (Section 67-1801, Idaho Code). The constitutional amendment was approved by the electors at the general election on November 7, 2006. As a result of the amendment, the Idaho Millennium Permanent Endowment Fund receives 80% of all tobacco settlement payments to Idaho and is not subject to legislative appropriation. The remaining 20% of tobacco settlement payments are placed into the already existing Idaho Millennium Fund. Annual distributions from both of these funds will be made to the Idaho Millennium Income Fund. The Legislature has the authority to spend funds in both the Idaho Millennium Fund and the Idaho Millennium Income Fund, but not the Idaho Millennium Permanent Endowment Fund.

The 2006 Legislature concurrently passed Senate Bill No. 1416 that codifies the provision of Senate Joint Resolution No. 107. This legislation became effective on January 1, 2007, upon passage of the constitutional amendment. The legislation instructed the State Treasurer to transfer $10 million of the Idaho Millennium Fund balance to the Idaho Millennium Permanent Endowment Fund. Further, the legislation put into statute a cap of $100 million on the Idaho Millennium Fund. Any excess over $100 million shall be transferred to the Idaho Millennium Permanent Endowment Fund. The balance in the Idaho Millennium Permanent Endowment Fund on April 16, 2008 was $29,130,999. The balance in the Idaho Millennium Fund on April 16, 2008 was $69,599,359.

The State Treasurer's Office has hired a financial advisor (Capitol Investment Advisors) to advise them in the investment of the Idaho Millennium Permanent Endowment Fund. Since this is an endowment fund, the investments should be longer term in nature. With that in mind and an asset allocation study that was performed by the financial advisor, the State Treasurer's Office has recently purchased indexed funds through Vanguard as it is more cost effective to have a passive management style with the small balance of the fund. As the fund grows, the State Treasurer's Office will pursue active management of the fund.

RESERVE FUNDS

BUDGET STABILIZATION FUND

Section 57-814 Idaho Code creates in the State Treasury the Budget Stabilization Fund (BSF) for the purpose of meeting general fund revenue shortfalls and to meet expenses incurred as the result of a major disaster declared by the Governor. Interest earnings from the investment of moneys in this fund by the State Treasurer shall be credited to the permanent building account subject to the provisions of section 67-1210, Idaho Code.

If the State Controller certifies that the receipts to the General Fund for the fiscal year just ending have exceeded the receipts of the previous fiscal year by more than 4%, then the state controller shall transfer all General Fund collections in excess of said 4% increase to the BSF, up to a maximum of 1% of the actual General Fund collections of the fiscal year just ending. The amount of money in the BSF shall not exceed 5% of the total General Fund receipts for the fiscal year just ending. Appropriations of moneys from the BSF in any year shall be limited to 50% after the fund balance has reached 5% of the total general fund receipts for that fiscal year.

The BSF is scheduled to receive $19,059,100 in fiscal year 2008 as a result of revenue growth exceeding 4% in fiscal year 2007. This is projected to bring the balance in the BSF to $140,624,600 at the end of fiscal year 2008. In fiscal year 2009 there are no scheduled quarterly transfers to the BSF.

ECONOMIC RECOVERY RESERVE FUND

Section 67-3520 Idaho Code creates in the State Treasury the Economic Recovery Reserve Fund (ERRF) for the purpose of meeting general fund revenue shortfalls, meeting expenses incurred as the result of a major disaster declared by the Governor, or for providing one (1) time tax relief payments to the citizens of the state of Idaho. Moneys in the ERRF shall consist of moneys remitted pursuant to section 63-2520, Idaho Code. Interest earnings from the investment of moneys in this fund by the State Treasurer shall be retained in the ERRF.

The ERRF is projected to have an ending balance of $66,237,000 at the end of fiscal year 2008. The projected balance in the ERRF at the end of fiscal year 2009 is $68,943,000.

PUBLIC EDUCATION STABILIZATION FUND

Created in the State Treasury is the public education stabilization fund, which shall function as a fund detail of the public school income fund. The fund shall consist of moneys transferred to the fund according to the provisions of sections 33-905 and 33-1018, Idaho Code, and any other moneys made available through legislative transfers or appropriations. Moneys in the fund are hereby continuously appropriated for the purposes stated in sections 33-1018 and 33-1018B, Idaho Code, and shall only be expended for the purposes stated in sections 33-1018, 33-1018A and 33-1018B, Idaho Code. Any accumulated balances in the fund that are in excess of eight and one-third percent (8.334%) of the current fiscal year's total appropriation of State funds for public school support shall be transferred to the bond levy equalization fund. Interest earned from the investment of moneys in the fund shall be retained in the fund.

The balance of the fund at the beginning of fiscal year 2008 was $109,029,800. The fund is estimated to receive interest earnings in the amount of $7,470,200 bringing the estimated balance as of June 30, 2008 to $116,500,000.

2008 TAX LEGISLATION

Grocery Tax Credit: The 2008 Idaho State Legislature passed and the Governor signed House Bill 588. The purpose of this bill is to increase the income tax credit Idahoans receive as an offset for the sales tax they pay on groceries. The legislation incrementally increases the Grocery Tax Credit starting in 2008 with an increase of $30 for those with Idaho taxable income of $1,000 or less (to a credit value of $50), and $10 for those with Idaho taxable income over $1,000 (to a credit value of $30). The credit for both groups then increases each tax year by $10 until reaching $100. Idahoans aged 65 years or older receive an extra credit that goes up by $5 (from $15 to $20) in 2008.

This legislation also extends the Grocery Tax Credit to Idahoans whose income is below the minimum income tax filing requirement (currently only Idahoans who are aged 62 or older, blind, or disabled vets can claim the Grocery Tax Credit if their incomes are below the minimum filing requirement). It also adds a new provision that reduces the Grocery Tax Credit on a proportional basis to reflect any months during which the recipient received federal Food Stamp assistance.

Until the full Grocery Tax Credit value of $100 is reached, the credit increase can be delayed for one year at a time if the Governor issues an executive order that was requested by a concurrent resolution of both chambers of the Legislature. The Governor can also issue a one year delay in any year he has also ordered a General Fund spending holdback of at least one percent.

The fiscal impact (assuming no delays) is negative $23.5 million to the General Fund in fiscal year 2009, $38.0 million in fiscal year 2010, $53.0 million in fiscal year 2013, $101.8 million in fiscal year 2014, $115.4 million in fiscal year 2015, and $129.4 million in fiscal year 2016.

This legislation's financial impact is also reflected in the "Recent Financial Information Regarding the State - Fiscal Year 2009" section that follows.

Business Personal Property Tax: The 2008 Idaho State Legislature passed and the Governor signed House Bill 599. The purpose of this bill is to exempt each property taxpayer's first $100,000 of personal property value per county from the property tax. Personal property includes business machinery, tools, furnishings, equipment and some fixtures. Operating property (utilities, railroads, pipelines, and other centrally assessed property) is not eligible for the exemption. The exemption begins in the first calendar year after state General Fund revenue grows at a rate of 5% or more. The first possible year of implementation is 2009, which is conditional on the basis of fiscal year 2008 General Fund revenue growing by at least 5%. The current (February 2008) General Fund revenue forecast has fiscal year 2008 growth at 1.8%, and fiscal year 2009 growth is forecast at 2.8%. This implies implementation would not occur before 2011 (fiscal year 2012).

The revenue loss to local government from the exemption of personal property will be replaced by a perpetual appropriation from the state's General Fund. The amount of replacement revenue will be based on each year's actual property tax reduction to local taxing districts. The following table presents the estimates of state General Fund revenue loss due to replacement funding. Once General Fund revenue growth in a trigger year reaches at least 5%, the exemption is permanently in place.

Trigger Year	Property Tax (Calendar) Year	Replacement Year	Fiscal Impact
FY2008	2009	FY2010	($15.2 million)
FY2009	2010	FY2011	($16.3 million)
FY2010	2011	FY2012	($17.4 million)
FY2011	2012	FY2013	($18.7 million)

RECENT FINANCIAL INFORMATION REGARDING THE STATE

In the following sections all references to the original fiscal year 2009 and revised fiscal year 2008 executive revenue forecasts are based on forecasts that were produced in February 2008. These February 2008 forecasts supersede the executive revenue forecasts that were produced in December 2007 and released in January 2008 when the fiscal year 2009 executive budget was originally presented to the 2008 legislative session. The reason the fiscal year 2009 executive revenue forecast was updated in February 2008 was the dramatic change to Global Insight's February 2008 U.S. Economic Outlook, wherein a U.S. recession beginning in the first half of 2008 was incorporated into their baseline forecast. This change to the U.S. economic outlook was deemed to be of such significance that new Idaho economic and revenue forecasts were needed to properly reflect the current economic and revenue outlook.

FISCAL YEAR 2009

General: The total amount of General Funds forecasted to be available in fiscal year 2009 is $3,010,983,200. This consists of $176,965,400 in beginning balance, $2,941,810,000 in original projected revenues (based on the February 2008 executive forecast), less $63,217,000 in net revenue adjustments that result from 14 law changes that were enacted during the 2008 legislative session, less $6,130,000 in reduced cigarette tax distribution to the General Fund for bond levy equalization, less $38,445,200 in transfers out of the General Fund. Fiscal year 2009 original appropriations are set at $2,959,283,400 leaving an expected General Fund ending balance of $51,699,800.

The original executive revenue forecast for fiscal year 2009 is $79.8 million (2.8%) above the revised fiscal year 2008 executive revenue forecast.

Individual Income Tax: The individual income tax, at $1,384.8 million forecast for fiscal year 2009, is the largest component of General Fund revenue. It is expected to experience quite weak growth in fiscal year 2009 as the fallout of the housing and real estate correction continue to be felt. Despite forecasted Idaho personal income growth of 4.8% in 2008 and 5.0% in 2009, Idaho individual income tax is forecast to grow just 0.4% in fiscal year 2009. This is due to a sharp drop in the amount of capital gains associated with real estate transactions.

Several laws enacted during the 2008 legislative session impact the fiscal year 2009 individual income tax forecast and are not reflected in the original executive forecast. HB 342 (internal revenue code compliance) is estimated to reduce revenue by $100,000. HB 549 (college savings plan) is estimated to reduce revenue by $52,000. HB 563 (capital gains deductions) is estimated to reduce revenue by $1,000,000. HB 564 (income tax paid to another state) is estimated to reduce revenue by $300,000. HB 588 (grocery credit) is estimated to reduce revenue by $23,500,000. HB 615 (bonus depreciation coupling) is estimated to reduce revenue by $19,000,000. Combined, these six actions reduce the fiscal year 2009 individual income tax forecast by $44.0 million to $1,340.8 million, a 2.8% decrease from the revised fiscal year 2008 individual income tax forecast of $1,378.9 million.

Corporate Income Tax: The corporate income tax is forecast to grow by $15.7 million (9.3%) to $185.1 million in fiscal year 2009. This follows two years of declining corporate income tax revenue (-2.0% actual decline in fiscal year 2007, -10.9% forecasted decline in fiscal year 2008).

Several laws enacted during the 2008 legislative session impact the fiscal year 2009 corporate income tax forecast and are not reflected in this original executive forecast. HB 342 (internal revenue code compliance) is estimated to reduce corporate income tax revenue by $100,000. HB 431 (small employer tax incentive) is estimated to reduce revenue by $75,000. HB 615 (bonus depreciation coupling) is estimated to reduce revenue by $19,000,000. Combined, these three actions reduce the adjusted fiscal year 2009 corporate income tax forecast by $19.2 million to $166.0 million, a 2.0% decrease from the revised fiscal year 2008 corporate income tax forecast of $169.4 million.

Sales Tax: The sales tax is forecast to grow by 4.9% for an increase of $57.0 million to $1,223.0 million in fiscal year 2009. This is the first fiscal year since fiscal year 2002 that the sales tax revenue growth rate has not been distorted by a change in the sales tax rate.

Several laws enacted in the 2008 legislative session impact the fiscal year 2009 sales tax revenue forecast. HB 357 (prescription exemption) is estimated to reduce revenue by $150,000. HB 360 (retailer nexus) is estimated to increase revenue by $500,000. HB 431 (small employer tax incentive) is estimated to reduce revenue by $25,000. HB 469 (personal property tax exemption from sales tax) is estimated to reduce revenue by $400,000. HB 530 (circuit breaker income determination) is estimated to reduce revenue by $20,000. Combined, these five actions reduce the fiscal year 2009 sales tax forecast by $0.1 million to $1,222.9 million, a 4.9% increase from the revised fiscal year 2008 sales tax forecast.

Product Taxes: Product tax revenues going to the General Fund are forecast to grow by $10.9 million (40.5%) in fiscal year 2009 to $37.7 million. This increase is dominated by two items. A $7.4 million increase in the cigarette tax is a function of that distribution being determined by the amount needed to fund the Bond Levy Equalization Program appropriation. A $3.2 million increase in the liquor surcharge is a function of the General Fund receiving a residual amount after fixed distributions are made to various other funds (see the fiscal year 2009 General Fund Revenue Book, pages 50-51, for details).

Two laws enacted in the 2008 legislative session impact fiscal year 2009 product tax revenue. HB 358 (cigarette permit expiration) increases the amount of revenue distributed from the cigarette tax to the General Fund by $250,000. HB 400 (liquor account community colleges) reduces the amount of revenue distributed from the liquor surcharge to the General Fund by $300,000. Combined, these two actions reduce the fiscal year 2009 product tax forecast by $50,000 to $37.6 million, a 40.3% increase over the revised fiscal year 2008 product tax forecast of $26.8 million.

Miscellaneous Revenues: Miscellaneous revenues are projected to fall by $9.7 million (8.0%) in fiscal year 2009 to $111.3 million. Two-thirds of this decline is due to lower interest earnings. The other large decline is a $2.2 million reduction in one-time transfers (from $2.2 million in fiscal year 2008 to $0 in fiscal year 2009).

Only one law enacted in the 2008 legislative session impacts fiscal year 2009 miscellaneous revenue. SB 1413 (liquor license fees) increases alcoholic beverage licenses revenue by $55,000. This action increases the adjusted fiscal year 2009 miscellaneous revenue forecast by $0.055 million to $111.3 million, a 8.0% decrease from the revised fiscal year 2008 forecast of $120.9 million.

Transfers and Expenditures: A total of five transfers out of the General Fund reduce the amount available for appropriations in fiscal year 2009 by $38,445,200. The largest transfer is $20,000,000 to the Department of Water Resources for aquifer study (HB 428). $10,000,000 is transferred to the Opportunity Scholarship Fund (SB 1476). $5,645,200 is transferred to the Permanent Building Fund (SB 1498). $1,800,000 is transferred to the Water Resources Board Revolving Development Fund (SB 1511). $1,000,000 is transferred to the Health and Welfare Community Health Center Grant (SB 1519).

Expenditures authorized for fiscal year 2009 consist of $2,752,283,400 in base spending plus $207,000,000 in adjustments and enhancements, for a total of $2,959,283,400. An ending balance of $51,699,800 is anticipated.

The largest component of the spending increase over the base is $63,981,500 for line-item enhancements, with $22.2 million going to Health & Welfare and $19.3 million going to Education. An increase of $52,936,100 for nondiscretionary adjustments (essentially enrollment-related increases in public schools and Medicaid) is the second largest component of increase, with $42,617,300 for a 3% change in employee compensation close behind. Replacement capital outlay totaled $23,926,200 and personnel benefits totaled $18,231,400.

The Department of Health & Welfare received an additional $59,082,300 in fiscal year 2009 for a total appropriation of $587,277,900. The increase includes $30,082,600 for nondiscretionary adjustments, $22,172,500 for line-item enhancements, $2,649,900 for personnel benefits, and $2,345,200 for employee compensation.

Public schools received an additional $51,778,900 in fiscal year 2009 for a total appropriation of $1,418,542,700. The increase includes $23,031,800 for employee compensation, $7,264,100 for enhancements, plus $21,483,000 for nondiscretionary adjustments.

Colleges & Universities received an additional $25,854,900 in fiscal year 2009 for a total appropriation of $285,151,500. The increase includes $8,394,600 for employee compensation, $6,194,000 for personnel benefits, $6,073,000 for line-item enhancements, and $3,761,500 for replacement capital outlay.

Only one other state department received a fiscal year 2009 increase in excess of $10 million. The Department of Corrections received an additional $15,734,700. The remaining $54.5 million of appropriation increase was spread across all other agencies.

FISCAL YEAR 2008

Total General Funds projected to be available in fiscal year 2008 are $2,990,860,300. This consists of a $254,684,200 beginning balance, plus $2,862,030,000 in projected revenues, less $125,853,900 in net transfers and deficiency warrants out of the General Fund.

General Fund expenditures are projected to total $2,813,894,900 in fiscal year 2008. This consists of $2,820,674,400 in original appropriations, plus $7,409,900 in prior year reappropriations, plus $14,096,900 in supplementals, less $21,573,300 in rescissions, less $6,713,000 in prior year reversions and other agency adjustments. The projected ending balance is $176,965,400.

The current fiscal year 2008 General Fund revenue forecast of $2,862.0 million is 1.8% above the actual revenues received in fiscal year 2007. The normalized forecasted growth rate for fiscal year 2008 General Fund revenue is a decrease of 1.2%. The sales tax rate change from 5% to 6% enacted during the August 25, 2006 special legislative session is the principal reason for this difference. Fiscal year 2007 had only eight months of revenue at a 6% rate (November 2006 to June 2007). In contrast, fiscal year 2008 has all twelve months of revenue at the 6% rate. The net effect of this rate change is forecasted ***actual*** sales tax growth of 8.2% in fiscal year 2008, versus forecasted ***normalized*** sales tax growth of 0.7% in fiscal year 2008.

While a number of other structural changes have a minor bearing on the actual versus normalized growth rate in General Fund revenue in fiscal year 2008, the only other two of note are the cigarette tax, where distribution formula changes (HB 386aa in 2005, HB 743 in 2006) caused this revenue source to jump from $1.0 million in fiscal year 2007 to a forecasted $6.5 million in fiscal year 2007, and the liquor surcharge, where a distribution formula change (SB 1388 in 2006) causes this revenue source to drop from $10.2 million in fiscal year 2007 to a forecasted amount of $8.4 million in fiscal year 2008. As a result of these two distribution changes the forecasted ***actual*** product tax revenue growth rate is an increase of 19.6%, versus the forecasted ***normalized*** product tax growth rate of minus 1.8%.

The current actual General Fund revenue forecast for fiscal year 2008 is $54.3 million (1.9%) above the original executive revenue forecast of $2,807.7 million made in December 2006. This increase is dominated by the individual income tax, where the forecast for fiscal year 2008 is up by $124.1 million. The miscellaneous revenue category is up relative to the December 2006 forecast by $10.0 million. The other three major revenue categories are all below their December 2006 forecasts – the corporate income tax forecast is down by $43.6 million, the sales tax forecast is down by $30.9 million, and the product taxes forecast is down by $5.3 million.

The individual income tax dominates the revision to the fiscal year 2008 revenue forecast. The individual income tax has been revised upward by $124.1 million (9.9%) to $1,378.9 million due to stronger actual results for fiscal year 2007 than were forecasted in late 2006. In December 2006 the projected growth rate for the individual income tax in fiscal year 2007 was 4.7%. Actual growth for fiscal year 2007 came in at 15.1% (this followed growth of 17.5% in fiscal year 2006 and 14.8% in fiscal year 2005), yielding $126.5 million more than expected for fiscal year 2007. The growth rate currently forecasted for fiscal year 2008 (as compared to the forecast prepared in December 2006) is unchanged at minus 1.5%.

The corporate income tax forecast for fiscal year 2008 has been revised downward by $43.6 million (20.5%) to $169.4 million on the basis of worse than expected revenue in fiscal year 2007, plus negative growth expected in the current forecast (-10.9%) versus the December 2006 forecast (positive 2.3%). The fiscal year 2007 starting point was expected to be $208.2 million (7.2% growth) in the December 2006 forecast, but the actual fiscal year 2007 starting point (and the one used for the February 2008 forecast) was $190.2 million (minus 2.0% growth).

The fiscal year 2008 sales tax forecast has been revised downward by $30.9 million (2.6%) to $1,166.0 million. About one-quarter of this downward revision is due to the sales tax coming in $7.2 million lower than expected in fiscal year 2007, the remainder is due to a lowering of the growth rate for fiscal year 2008 (10.3% in the December 2006 forecast, versus 8.2% in the current forecast).

The fiscal year 2008 product tax revenue forecast has been revised downward by $5.3 million (16.6%%) to $26.8 million. The actual growth rate projected for fiscal year 2008 in the December 2006 forecast was an increase of 44.4%. This was a consequence of a law change that made the distribution of cigarette tax revenue to the General Fund an amount needed to fund the Bond Levy Equalization Program appropriation. The updated fiscal year 2008 product tax forecast (produced in February 2008) scales the growth rate back to 19.6% due to a combination of lower cigarette tax and liquor surcharge revenue in fiscal year 2008.

The miscellaneous revenue forecast has been revised upward $10.0 million (9.0%) to $120.9 million. The principal sources of this upward revision are interest earnings (up $4.7 million), miscellaneous agency transfers (up $1.9 million), and mine license tax (up $2.0 million). The net effect of the upward revision is a projected growth rate of -1.1% (per the February 2008 forecast) versus an original projected growth rate of -5.6% (per the December 2006 forecast).

FISCAL YEAR 2007

General Fund revenue in fiscal year 2007 was $2,812,490,000. An additional $302,252,000 was available as a carryover from the prior year. Net transfers out of the General Fund totaled $279,129,800. Deficiency warrant transfers totaled $4,569,800. Cancellation of prior year encumbrances totaled $314,800. Total General Funds available in fiscal year 2006 were $2,831,357,200.

Actual General Fund revenue growth was 15.6% in fiscal year 2007. This was $106.2 million, or 3.9%, higher than the revised executive forecast made in December 2006. Actual revenue growth in fiscal year 2007 includes eight months of 6% sales tax, versus only one month of 6% sales tax in fiscal year 2006. Without this and several other minor law changes the fiscal year 2007 normalized General Fund revenue growth rate would have been 10.3%.

The individual income tax grew by 15.1% ($183.7 million) in fiscal year 2007, the second fastest growth rate (after 17.5% in fiscal year 2006) since fiscal year 1989. This increase is almost double the 8% personal income growth Idaho experienced in fiscal year 2007. Fiscal year 2007 individual income tax was expected to grow by 4.7% in the December 2006 forecast.

The corporate income tax declined by 2.0% ($3.9 million) in fiscal year 2007. It was expected to grow by 7.2% ($14.1 million) in the December 2006 forecast.

The sales tax grew by $196.7 million (22.3%) in fiscal year 2007. It was expected to grow by $203.9 million (23.2%) in the December 2006 forecast. Normalized sales tax growth (i.e., adjusted to remove the impact of the rate change) for fiscal year 2007 was forecast to be 8.2% in the December 2006 revenue forecast, but actual normalized growth for fiscal year 2007 came in at 7.3%.

The product tax revenue category declined by $1.1 million (-4.6%) in fiscal year 2007. This was $0.2 million less than the $1.3 million (-5.3%) decline expected in the December 2006 revenue forecast.

Miscellaneous revenues grew by $5.8 million in fiscal year 2007, a 5.0% increase. This is $4.7 million more than the $1.1 million (1.0%) increase expected in the December 2006 revenue forecast. Stronger than expected interest earnings boosted the fiscal year 2007 actual result by $4.4 million.

General Fund spending in fiscal year 2007 was $2,576,673,000. This consisted of $2,343,077,800 in original appropriations, plus $250,645,700 in special appropriations (the replacement of public school maintenance and operation property tax levies with General Funds), plus $3,594,200 in prior year reappropriations, plus $7,267,300 in positive supplementals, less $15,160,800 in negative supplementals, plus $420,300 in spending from asset sales and insurance settlements, less $13,171,500 in reversions and next year reappropriations. A balance of $254,684,200 was carried forward to fiscal year 2008.

TABLE 8
IDAHO ECONOMIC INDICATORS

	Calendar Years				
	2006	2007	2008 (Projected)	2009 (Projected)	2010 (Projected)
Personal Income (millions)	$43,800	$46,777	$48,918	$51,180	$54,161
Percent Change	8.5%	6.8%	4.6%	4.6%	5.8%
Total Nonfarm Employment	638,912	656,333	660,616	670,364	686,199
Percent Change	4.4%	2.7%	0.7%	1.5%	2.4%
Goods Producing Employment	122,318	123,819	117,705	114,272	114,819
Percent Change	8.9%	1.2%	-4.9%	-2.9%	0.5%
Nongoods Producing Employment	516,593	532,514	542,910	556,092	571,379
Percent Change	3.4%	3.1%	2.0%	2.4%	2.7%
Population (thousands)	1,465.7	1,501.8	1,534.1	1,562.1	1,591.4
Percent Change	2.6%	2.5%	2.2%	1.8%	1.9%
Housing Starts (Idaho)	19,428	14,235	12,913	13,727	14,077
Single Unit	17,421	11,919	11,062	11,566	11,790
Multiple Unit	2,008	2,316	1,851	2,161	2,287

SELECTED U.S. PRODUCTION INDICES (2002 = 1.000)

Lumber & Wood Products	1.100	0.993	0.810	0.819	0.922
Computer & Electronic Products	1.646	1.830	2.090	2.274	2.506
Semiconductors & Other Comp.	2.264	2.731	3.260	3.860	4.666
Food	1.054	1.100	1.119	1.137	1.162
Paper	0.975	0.959	0.949	0.951	0.967
Agricultural Chemicals	1.217	1.129	1.154	1.189	1.219
Metal Ore Mining	1.099	1.096	1.104	1.145	1.194

SELECTED U.S. PRODUCER PRICES (1982 = 1.000)

All Items	1.647	1.727	1.862	1.860	1.863
Lumber & Wood Products	1.944	1.924	1.874	1.899	1.969
Machinery & Equipment	1.262	1.273	1.292	1.303	1.300
Farm	1.170	1.433	1.596	1.553	1.503
Pulp, Paper & Allied Products	2.098	2.169	2.266	2.317	2.356
Chemicals	2.058	2.149	2.348	2.367	2.387

Sources: Global Insight and *Idaho Economic Forecast,* April 2008.

TABLE 9
STATE OF IDAHO
GENERAL FUND
SUMMARY OF THE 2009 FISCAL YEAR BUDGET

(Cash Basis)
(000s omitted)

	BUDGET	PERCENT
Unobligated Cash Balance July 1	$179,815	
Add Beginning Encumbrances	12,000	
Beginning Cash Balance	**$191,815**	
REVENUES		
Individual Income Tax	$1,340,798	46.69%
Corporate Income Tax	165,958	5.78
Sales Tax	1,222,902	42.57
Cigarette Tax	7,770	0.27
Tobacco Tax	7,450	0.26
Beer and Wine Tax	4,990	0.17
Kilowatt Tax	2,000	0.07
Mine License Tax	500	0.02
Liquor Surcharge	11,274	0.39
Estate Tax	0	0.00
Insurance Premium Tax	59,547	2.07
Total Taxes	2,823,189	98.29
State Treasurer	7,646	0.27
Court Fines	5,242	0.18
Miscellaneous	36,388	1.27
Total Revenues	**$2,872,465**	**100.00%**
Transfers to General Fund (One Time)	0	
Total Revenue and Transfers	**$2,872,465**	
EXPENDITURES		
Public Schools	$1,418,543	47.13%
Higher Education	364,750	12.12
Health and Welfare	587,278	19.51
All Others	639,152	21.24
Total Appropriated Expenditures	**$3,009,723**	**100.00%**
Nonoperating Rec./Disb. (net)	$0	
Net Interest Rev/Exp on TAN	0	
Ending Cash Balance	54,557	
Less Encumbrances/Reappropriations	0	
Unobligated Cash Balance June 30	**$54,557**	

Source: Division of Financial Management.

TABLE 10
STATE OF IDAHO
STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
FISCAL YEARS 2004 – 2008

(Cash Basis)

(000s omitted)

	2008[1] $	%	2007 $	%	2006 $	%	2005 $	%	2004 $	%
UNOBLIGATED CASH BALANCE JULY 1	$247,274		$298,659		$211,041		$100,244		$15,746	
ADD BEGINNING ENCUMBRANCES	24,555		18,206		15,505		13,650		12,084	
BEGINNING CASH BALANCE	$271,829		$316,865		$226,546		$113,894		$27,830	
REVENUES										
Individual Income Tax	1,378,935	48.24%	1,400,159	49.71%	1,216,487	50.03%	1,035,543	45.68%	902,126	43.02%
Corporate Income Tax	169,399	5.93	190,222	6.75	194,125	7.98	139,562	6.15	103,015	4.91
Sales Tax	1,165,972	40.79	1,077,456	38.25	880,773	36.23	950,825	41.93	886,079	42.25
Cigarette Tax	6,540	0.23	1,000	0.04	7,983	0.33	7,815	0.34	30,041	1.43
Tobacco Tax	7,100	0.25	6,548	0.23	6,156	0.25	5,747	0.25	5,489	0.26
Beer and Wine Tax	4,790	0.17	4,617	0.16	4,414	0.18	4,278	0.19	4,093	0.20
Kilowatt Tax	1,850	0.06	2,259	0.08	2,285	0.09	1,534	0.07	1,827	0.09
Mine License Tax	2,000	0.07	2,345	0.08	266	0.01	33	0.00	72	0.00
Liquor Surcharge	8,380	0.29	10,242	0.36	4,945	0.20	4,945	0.22	4,945	0.24
Insurance Premium Tax	58,980	2.06	59,781	2.12	60,375	2.48	60,853	2.68	62,767	2.99
Total Taxes	2,803,946	98.09	2,754,629	97.78	2,377,809	97.78	2,211,135	97.51	2,000,454	95.39
State Treasurer	13,990	0.49	17,175	0.61	18,122	0.75	8,921	0.39	4,971	0.24
Court Fines	5,140	0.18	5,037	0.18	4,787	0.20	4,656	0.21	4,979	0.24
Estate Tax	10	0.00	123	0.00	1,110	0.05	3,297	0.15	4,431	0.21
Miscellaneous	35,248	1.23	39,954	1.42	29,482	1.21	39,681	1.75	82,265	3.92
TOTAL REVENUES	2,858,334	100.00%	2,816,918	100.00%	2,431,310	100.00%	2,267,690	100.00%	$2,097,100	100.00%
EXPENDITURES										
Public Schools	1,367,364	46.82	1,291,587	44.80	995,345	41.98	964,707	44.23	943,001	46.57
Higher Education	336,759	11.53	310,058	10.75	298,510	12.59	287,796	13.20	277,654	13.71
Health and Welfare	544,842	18.65	487,683	16.92	462,456	19.50	425,024	19.49	360,387	17.80
All Others	671,772	23.00	793,784	27.53	614,893	25.93	503,150	23.07	443,793	21.92
TOTAL APPROPRIATED EXPENDITURES	2,920,737	100.00%	2,883,112	100.00%	2,371,204	100.00%	2,180,677	100.00%	2,024,835	100.00%
NONOPERATING REC./DISB. (NET)	3,987		25,583		40,584		32,520		21,278	
INTEREST EXPENSE ON TANs	(21,598)		(4,425)		(10,371)		(6,881)		(7,479)	
ENDING CASH BALANCE	$191,815		$271,829		$316,865		$226,546		$113,894	
LESS ENCUMBRANCES/REAPPROPRIATIONS	(12,000)		(24,555)		(18,206)		(15,505)		(13,650)	
UNOBLIGATED CASH BALANCE JUNE 30	$179,815		$247,274		$298,659		$211,041		$100,244	

[1] 2008 Projections are based on actuals through May 2008 and Projections for June 2008.

Source: Division of Financial Management

GENERAL TAX REVENUES

The following General Tax Revenues are the sources for the repayment of principal of and interest on the Notes.

INDIVIDUAL INCOME TAX (TITLE 63, CHAPTER 30, IDAHO CODE)

Collections from the individual income tax are based on a graduated scale of tax liability applied to taxable income. There are several rates and brackets for taxable income up to $7,500 ($15,000 for joint returns). Between $7,500 and $20,000 ($15,000 to $40,000 for joint returns) the rate is 7.4%, effective January 1, 2001. For taxable income above $20,000 ($40,000 for joint returns), the rate is 7.8%, effective January 1, 2001. In years subsequent to 1999, the brackets are indexed to offset the affects of inflation. State law adopts the provisions of the Internal Revenue Code (IRC). Modifications and exceptions to the IRC include a) deductions for qualifying capital gains, b) investment tax credit, and c) bonus depreciation as provided for in IRC 168(k).

Most collections occur through the monthly withholding process. The remainder is collected through net filings. An amount equal to 20% of the individual income taxes collected by the State Tax Commission and deposited with the State Treasurer is required by statute to be deposited in the State Income Tax Refund Account. Any balance exceeding $1,500,000 in the Income Tax Refund Account at the end of the year is transferred to the General Fund on June 30. A filing tax of $10 per tax return is assessed, with proceeds distributed to the Permanent Building Fund. All other revenues from the individual income tax accrue to the General Fund.

TABLE 11
STATE OF IDAHO
INDIVIDUAL INCOME TAX
Individual Income Tax Net Collections

Fiscal Year	General Fund	Building Fund	Total
1998	$776,192,032	$4,817,330	$781,009,362
1999	841,864,958	5,107,517	846,972,475
2000	960,163,683	5,041,070	965,204,753
2001	1,023,970,174	6,073,061	1,030,043,235
2002	835,854,808	5,636,609	841,491,417
2003	837,798,601	5,358,290	843,156,891
2004	902,125,523	5,346,820	907,472,343
2005	1,035,542,464	5,160,470	1,040,702,934
2006	1,216,486,694	5,408,550	1,221,895,244
2007	1,400,159,016	5,716,240	1,405,875,256

Source: State Tax Commission

SALES TAX (TITLE 63, CHAPTER 36, IDAHO CODE)

Sales tax collections are based on a flat percent applied to the sales price or value of all tangible personal property subject to sales and use taxation. Exemptions to the sales and use tax are provided by statute. They include, but are not limited to a) tangible personal property used or consumed directly in the production of manufactured goods, minerals or agricultural products (production exemption), b) gas, water and electricity sold to consumers, c) equipment and supplies used in agricultural irrigation, d) the value of traded-in merchandise, e) prescription drugs and durable medical equipment, f) pollution control equipment required by a state or federal agency, g) equipment used in clean rooms by semi-conductor manufacturing business, h) tangible personal property primarily devoted to broadcasting, i) tangible personal property primarily used in research and development activities, j) aircraft primarily used to transport passengers or freight for hire, and k) tangible personal property primarily used for logging.

Sales tax funds must be allocated to the Idaho Housing and Finance Association if within 60 days of the close of the fiscal year, the Chairman of the Housing Agency Board of Commissioners certifies to the State Tax Commission that a deficiency exists in any Agency Capital Reserve Fund. No claims have ever been made by the Agency for State sales tax funds and none are anticipated. The Legislature has eliminated the continuing appropriations for all Idaho Housing and Finance Association bonds issued on or after January 1, 1996.

Sales tax rates since inception of the tax have been as follows:

Dates	Rate
July 1, 1965 - Feb. 28, 1983	3.0%
March 1, 1983 - May 31, 1983	4.0%
June 1, 1983 - June 30, 1984	4.5%
July 1, 1984 - March 31, 1986	4.0%
April 1, 1986 – April 30, 2003	5.0%
May 1, 2003 – June 30, 2005	6.0%
July 1, 2005 – September 30, 2006	5.0%
October 1, 2006	6.0%

The distribution formula as of November 2006 for revenues generated by the sales tax is as follows:

1. 11.5% of net collections to revenue sharing (cities and counties);
2. $5,000,000 per year to the Permanent Building Fund;
3. $4,800,000 per year to the Water Pollution Control Fund;
4. Such amount as the Idaho Tax Commission certifies is needed to fund the Circuit Breaker Program ($15.4 million in fiscal year 2007);
5. $8,487,103 in Ag Property Tax Relief to local governments;
6. Beginning fiscal year 2008, amounts necessary to pay refunds to a developer of a retail commercial complex, up to $35 million per project.
7. Remaining net collections to the General Fund.

TABLE 12
STATE OF IDAHO
TAXABLE SALES AND USE TAXABLE SALES
(000s omitted)

Calendar Year	Amount	Calendar Year	Amount
1998	$12,970,353	2003	$16,655,483
1999	14,601,265	2004	17,799,268
2000	14,912,310	2005	20,174,827
2001	14,912,310	2006	20,249,486
2002	16,193,606*	2007	21,564,990

*Due to a system conversion at the end of fiscal year 2001 some taxable sales and use taxable sales from 200l were reported in 2002.
Source: State Tax Commission

CORPORATE INCOME TAX (TITLE 63, CHAPTER 30, IDAHO CODE)

Collections from the corporate income tax are based on a flat rate of 7.6%, effective January 1, 2001 (8.0% before that date), applied to taxable income. Prior to tax year 1987, the rate had been 7.7%. State law adopts the provisions of the Internal Revenue Code (IRS) with the exceptions of the investment tax credit and bonus depreciation provided for in IRC Section 168(k).

An amount equal to 20% of the corporate income taxes collected by the State Tax Commission and deposited with the State Treasurer is required by statute to be deposited in the State income tax refund account. Any balance exceeding $1,500,000 in the State Income Tax Refund Account at the end of the year is transferred to the General Fund. An additional filing tax of $10 per tax return is assessed, with proceeds distributed to the Permanent Building Fund. All other revenues from the corporate income tax accrue to the General Fund.

TABLE 13
STATE OF IDAHO
CORPORATE NET INCOME TAX

Fiscal Year	General Fund	Building Fund	Total
1998	$117,286,401	$283,673	$117,570,074
1999	95,437,675	270,030	95,707,705
2000	124,872,935	303,591	125,176,526
2001	141,527,236	349,042	141,876,278
2002	76,295,588	311,959	76,607,547
2003	93,129,692	345,136	93,474,828
2004	103,014,975	367,770	103,382,745
2005	139,561,498	337,050	139,898,548
2006	194,125,114	340,816	194,465,930
2007	190,222,155	497,056	190,719,211

Source: State Tax Commission

OTHER TAXES

Cigarette Tax (Title 63, Chapter 25, Idaho Code)

Cigarette tax collections are based on a tax of 57 cents per pack of 20 cigarettes. The Public School Income Fund receives 5.1746 cents, and another 5.1746 cents goes to the Department of Juvenile Corrections. Of the balance remaining, 21.25% is distributed to the General Fund, 17.3% is credited to the Permanent Building Fund, 0.4% (to a maximum of the fiscal year appropriation) goes to the Tumor Registry Fund, and 1% is distributed to the Cancer Control Account. The General Fund receives an amount equal to the appropriation for the Bond Levy Equalization Program. Prior to fiscal year 2007, the balance was credited to the Economic Recovery Reserve Fund. In subsequent years the balance is credited to the Permanent Building Fund for capitol restoration. Upon completion of the capitol restoration project, all remaining revenues will be directed back to the Economic Recovery Reserve Fund.

Tobacco Tax (Section 63-2552 Idaho Code)

Tobacco Tax collections are collected on the sale, use, consumption, handling or distribution of all tobacco products in the State at the rate of 40% of the wholesale sales price; 35% goes to the general fund; half of the remaining 5% is distributed to the Department of Juvenile Corrections, the other half is distributed to the Public School Income Fund, with $250,000 appropriated to the Idaho State Police.

Beer Tax (Section 23-1008, Idaho Code)

Of the total tax of $4.65 per 31-gallon barrel or equivalent that is levied on beer, $.93 goes to the Alcoholism Treatment Account, $1.55 to the Permanent Building Fund and the remainder ($2.17) to the General Fund. Beer containing more than 4% alcohol by weight is considered to be wine for tax purposes.

Wine Tax (Section 23-1323, Idaho Code)

Revenue is derived from a tax on wine sold in Idaho. The rate is $.45 per gallon of wine. 12% goes to the Substance Abuse Treatment Fund, 5% goes to the Idaho Grape Growers & Wine Producers Commission Fund and the remainder to the General Fund.

Kilowatt Hour Tax (Title 63, Chapter 27, Idaho Code)

Revenue is derived from a one-half mill ($0.0005) per kilowatt hour tax on hydro generated electricity generated in the State. Power used by industrial consumers and for the irrigation of land is exempt from this tax. All collections accrue to the General Fund.

Mine License Tax (Title 47, Chapter 12, Idaho Code)

Revenue is derived from a 1% "profit" tax on Idaho mining operations. For mining operations without a cyanidation facility, 66% is distributed to the General Fund. For mining operations with a cyanidation facility, 33% goes to the General Fund and 33% goes to the Cyanidation Facility Closure Fund. The balance of 34% for both types of mining operations goes to the Abandoned Mine Reclamation Fund.

Alcoholic Beverages (Sections 23-217 and 23-404. Idaho Code)
Revenue is derived from a 44% markup/handling charge, a 2% surcharge, and a 6% sales tax on the retail price of liquor and related items sold by the Idaho State Liquor Dispensary. Idaho Law provides for the distribution of profits from the Liquor Fund as follows:

The 2% surcharge on the sale of all liquor and related items goes to the Drug Court and Family Court Services Fund.

40% of profits (through fiscal year 2009, increasing by 2% annually to 50% in fiscal year 2014) are distributed as follows:

Repay $1.8 million annually to the cities and counties during fiscal year's 2006 through 2009.
Annual fixed distributions totaling $5,350,000 to the Substance Abuse Treatment Fund, Community Colleges, Public Schools, Cooperative Welfare Fund, Court Services, and Court Supervision Fund.
(Effective July 1, 2008, annual fixed distributions will increase to $5,650,000 with the increase going to Community Colleges.)
Remaining balance to the General Fund. (During fiscal year 2007 the General Fund's share of profits totaled $9,577,666.)

60% of profits (through fiscal year 2009, decreasing by 2% annually to 50% in fiscal year 2014) are distributed as follows:

40% to counties in proportion to sales in each county.
60% to cities as follows:
90% to those incorporated cities with liquor stores in proportion to sales.
10% to those incorporated cities without liquor stores in proportion to population.

Insurance Premium Tax (Title 41, Chapter 4 and Section 59-1357, Idaho Code)
The Insurance Premium Tax was modified in 2004 to gradually reduce the premium tax rates of gross premiums written in the State over a six year period. Premium tax rates for 2004 were 2.75%, 2005 were 2.5%, 2006 were 2.3%, 2007 were 2.1%, 2008 are 1.9%, 2009 will be 1.7% and 2010 and thereafter will be 1.5%. The rate on title insurance was raised in 1988 from 1.1 to 1.5%.

Most annual receipts occurred in the month of March until the 1983 fiscal year when a system of quarterly payments was instituted. Prepayments based on preceding calendar year's business at the current year's tax rate are due on or before June 15 (60%), September 15 (20%) and December 15 (15%), with any balance of tax due for the preceding calendar year due on or before March 1.

Other than life insurers, with the current percent or more of their total assets; and life insurers with the current percent or more of their total reserves invested in Idaho; investments may qualify for a reduced premium tax rate. The percentage rate to qualify for the reduced tax rates was changed in 2004. The qualified investment rate for

2004 and 2005 was 25% or more, 2006 was 20%, 2007 was 15%, 2008 is 10% and 2009 will be 5%. Beginning in 2010 there will no longer be a reduced premium tax rate.

The reduced premium tax rate based on qualified Idaho investments also changed in 2004. The premium tax rates for 2004 and 2005 were 1.4%, 2006 were 1.42%, 2007 were 1.44%, 2008 are 1.46% and 2009 will be 1.48%. In 2010 and thereafter all insurers will be paying premium taxes at the 1.5% rate.

That amount up to 20% of premium tax received may be appropriated into the Insurance Refund Account for overpayment of any taxes, fines and penalties or other erroneous receipts. Any unencumbered balance remaining in the refund account on June 30 in excess of $40,000 shall be transferred back into the general fund.

Approximately 95% of the fire insurance premiums are distributed from quarterly tax prepayments – 100% of the final fire insurance premium tax is distributed to the Fireman's Retirement Fund on June 30th.

That portion of the premium tax, not to exceed $200,000 in one fiscal year, is distributed to the Insurance Insolvency Administrative Fund to cover administrative costs incurred by the department in placing insurance companies into receivership or supervision. $100,000 shall be maintained in this fund on June 30 of each year.

If the premium tax collected exceeds $45 million then 25% of such excess is transferred to the Idaho High Risk Individual Reinsurance Pool; and 25% of any excess above $55 million is paid to the Idaho Health Insurance Access Card Fund and another 25% appropriated to the CHIP (Children's Health Insurance Program-Plan B).

Estate Tax (14-413, Idaho Code)
The State Tax Commission collects estate taxes and remits the money to the State Treasurer. Estate Taxes are distributed as follows: 10% goes into a fund to be sent to the counties (at least quarterly); an amount sufficient to pay current refund claims is paid into the State Refund Fund; and the balance is distributed to the General Fund. The Estate Tax phases out as of December 31, 2004; there is no tax on estates where the date of death is January 1, 2005 or later.

LITIGATION

On June 21, 1990, twenty of the smaller school districts in Idaho, known collectively, as the Idaho Schools for Equal Educational Opportunity ("ISEEO"), filed a lawsuit in the District Court of Latah County pursuant to the State Declaratory Judgments Act against the Legislature, the Governor of Idaho, and the Superintendent of Public Instruction, seeking a declaration that the current funding system was inadequate and did not provide a "thorough" education within the meaning of the Idaho Constitution. The case was consolidated with another case filed on September 20, 1990, by nineteen of the larger school districts in Idaho, which has now been dismissed, for hearing in the District Court of Ada County (the "District Court").

Proceedings over several years eventually resulted in the Idaho Supreme Court ruling, in a decision issued on December 30, 1998, that a safe environment conducive to learning is inherently a part of a thorough system of public, free common schools required by Article IX, Section 1 of the Idaho Constitution. The Supreme Court remanded the case with instruction that the trial court conduct a trial to determine whether the Legislature has provided a means to fund facilities that provide a safe environment that is conducive to learning.

The District Court conducted a trial in April 2000, and issued its Findings of Fact and Conclusions of Law in February 2001. The District Court concluded that the State's system of financing the replacement and major repairs of unsafe buildings based upon loans alone was not adequate to meet the constitutional mandate to establish and maintain a general, uniform, and thorough system of public, free common schools in a safe environment conducive to learning for the State's poorest school districts, which lacked any reasonable means to repay such loans while maintaining a thorough education for their students. In 2002 the District Court began hearings on individual school deficiencies, but, recognizing the enormity of a school-by-school analysis of safety and other issues, sought to appoint a special master to conduct such analysis at State expense. The State opposed this action and appealed to the Supreme Court, which during the interim ruled in favor of the State and prohibited the payment of the special master while the matter was pending.

Meanwhile, the 2003 Legislature amended the "Constitutionally Based Education Claims Act" which was signed into law by the Governor (the "Claims Act"). The amendments to the Claims Act provided for school districts to impose an additional local property tax levy as needed to implement a plan of school safety or abate unsafe school conditions. The amendments purported to terminate the existing school funding lawsuit and provide that all claims challenging the constitutionality of the funding mechanism may be brought only by individuals and not the districts, and that such claims may pursue only the remedy of the ordering of a property tax levy under the Claims Act. The plaintiffs challenged the constitutionality of the amendments. On October 27, 2003, the District Court held that the amendments to the Claims Act were unconstitutional. On August 25, 2004, the Idaho Supreme Court affirmed the District Court's decision holding the amendments unconstitutional.

The amendments to the Claims Act having been disposed of, the Supreme Court turned to the State's other appeals of the District Court's actions in 2002. The State asked the Supreme Court to give direction to the District Court on various aspects of how the District Court would continue its proceedings to evaluate individual instances of unsafe conditions. The State's principal argument was that the District Court had not taken notice of the various legislative enactments, principally the Levy Subsidy Law, discussed in this Official Statement under the heading "State Bond Levy Equalization Support Program for School District Facilities," and the actual remediation or replacement of several of the more prominent examples of unsafe schools. On December 21, 2005, the Idaho Supreme Court affirmed the District Court's conclusion that the State's current funding system for school facilities was not sufficient to carry out the State's constitutional mandate. The Supreme Court held that it was the Legislature's responsibility to provide a remedy (and not the judiciary's responsibility) and retained jurisdiction over the case to consider future legislative efforts to comply with the constitutional mandate to provide a safe environment in school facilities that is conducive to learning.

The 2006 Legislature responded by enacting House Bill No. 743, which was signed into law by the Governor on March 31 and took effect on July 1, 2006. This legislation (1) requires school districts to allocate two percent of the replacement value of school buildings to be deposited each year into a school building maintenance fund that can be used solely for building maintenance or repair; and (2) provides for a $25 million Public School Facilities Cooperative Fund to provide, as a last resort, for remediation of unsafe school facilities if efforts to pass a bond issue have failed. In addition to the $25 million transferred from the General Fund to the Public School Facilities Cooperative Fund, the Legislature estimates that the ongoing annual expenditure for bond levy equalization will increase from $5.3 million to $5.8 million, and ongoing annual state funding for school facilities maintenance will increase from $8.9 million in fiscal year 2006 to $16.4 million.

On February 20, 2007, the Clerk of the Idaho Supreme Court issued an Amended Remittitur to the District Court from the 2005 decision, which said:

> The Court having announced its Opinion in this cause December 21, 2005, which has now become final; therefore,
>
> IT IS ORDERED that this appeal is CLOSED and consistent with the Remittitur issued February 20, 2007, in *State of Idaho v. District Court of the Fourth Judicial District*, Docket No. 29203, the District Court shall have no further jurisdiction in this matter.

Plaintiffs opposed closure of the case at the District Court and at the Supreme Court. When they were unable to obtain further relief from the Idaho Supreme Court, on June 13, 2007, several of the State court plaintiffs sued the Justices and Justices Pro Tem of the Idaho Supreme Court in the Federal District Court of the District of Idaho, Case No. 07-00261-S-BLW. The special deputy attorney general appointed to represent the Justices and Justices Pro Tempore moved to dismiss the Complaint for lack of jurisdiction. The Federal District Court initially denied the motion to dismiss, then granted a rehearing on the motion to dismiss. A hearing on the defendant' motion to dismiss was held on May 1, 2008. In a decision released on May 19, 2008, the Federal District Court dismissed the lawsuit against the Idaho Supreme Court, holding that the Federal Court does not have jurisdiction in the matter. The State does not know at this time whether or not the plaintiffs intend to appeal the decision to the Ninth Circuit Court of Appeals.

In the opinion of the Attorney General of the State of Idaho, this litigation pending against the State will not materially adversely affect the ability of the State to pledge the General Tax Revenues to the repayment of the Notes. At the time of the delivery of the Notes, the Idaho Attorney General's office will provide a certificate stating that there is no litigation pending or threatened against the State or its officers which questions the authority of the State to issue the Notes or which seeks to restrain or enjoin the issuance or delivery of the Notes or the collection the General Tax Revenues pledged to the repayment of the Notes.

IDAHO CREDIT RATING ENHANCEMENT COMMITTEE

In 2005 the Idaho Legislature created the Idaho Credit Rating Enhancement Committee (CREC) in the office of the State Treasurer (Idaho Code 67-1224 and 67-1225). The purpose of this committee is to advise the Governor and the Legislature regarding policies and actions that enhance and preserve the State's credit rating and maintain the future availability of low cost capital financing.

TRANSPORTATION PROJECT FINANCING

The 2005 Idaho Legislature enacted legislation that authorized the issuance of "grant anticipation revenue vehicles" (GARVEE) debt instruments (bonds or notes) to enable the State to finance State transportation infrastructure projects and to pay debt service and other bond-related expenses with future federal-aid highway apportionments. The act states that the bonding authority "should be used in a manner that does not obligate future legislatures or governors for additional bonding and be used to finance projects which are of the highest critical need based on safety, traffic volume or projected demand".

The 2006 Idaho Legislature approved bonding authority for the issuance of GARVEE bonds by the Idaho Housing and Finance Association in a principal amount sufficient to finance the highway transportation projects in an amount up to $200,000,000. The 2007 Idaho Legislature approved bonding authority for the issuance of GARVEE bonds by the Idaho Housing and Finance Association in an amount up to $250,000,000. The 2008 Idaho State Legislature approved bonding authority for the issuance of GARVEE bonds by the Idaho Housing and Finance Association in an amount up to $134,000,000. The Idaho Housing and Finance Association has issued $367,375,000 in GARVEE bonds as of April 3, 2008.

The GARVEE bond legislation does not authorize or pledge State's General Fund revenues to make payments on bonds or notes. In the opinion of Bond Counsel, the legislation will have no impact on the State's General Fund revenues or its ability to make payments on the Notes.

IDAHO SCHOOL BOND GUARANTY ACT

By enactment of Senate Bill No. 1236, the 1999 Idaho Legislature created the "Idaho School Bond Guaranty Act" (the "Act"), now codified as Chapter 53, Title 33, Idaho Code, for the purpose of establishing a default avoidance program for voter-approved school bonds issued by Idaho public school districts.

The Act provides that the State Treasurer, after determining eligibility, may issue a certificate of eligibility for the State's guarantee, which shall be printed on the bonds and which is good for the life of the bonds.

The Act also provides mechanisms for the State Treasurer to advance funds to the paying agent for any guaranteed bonds whenever a scheduled debt service payment is not made by the school district. The State Treasurer must either intercept and apply to the bond debt service any payments due that school district from the public school permanent endowment fund or from any other source of operating moneys provided by the State or, if necessary, the State Treasurer may issue "general obligation notes" ("notes") to provide funds for the guaranty program, and pledges the State sales tax to pay the notes.

The Act provides the amount of debt guaranteed by the credit enhancement program shall not be greater than four times the amount made available by the public school permanent endowment fund, which currently is $200,000,000. This limits the amount of bonds which can be guaranteed under the Act to $800,000,000. As of April 11, 2008 the State Treasurer has outstanding Certificates of Eligibility guaranteeing $665,545,000 in various Idaho school district bonds. On and after July 1, 2007, State school bond guarantees issued by the State of Idaho shall not exceed

$20,000,000 in the aggregate per school district. Notwithstanding this maximum limit, bond guarantees exceeding the $20,000,000 limit prior to July 1, 2007, shall remain in effect.

It should be noted that distribution of State sales tax moneys pursuant to the pledge of the school bond guaranty program can occur only after all required payments to the Tax Anticipation Note Redemption Fund have been made as required by Section 63-3203, Idaho Code.

The State does not anticipate that the school bond guaranty program will have any significant fiscal impact upon the State, its operations, or its ability to pay the principal of and interest on the Notes as the same become due.

IDAHO BOND BANK AUTHORITY

The 2000 Idaho Legislature approved Senate Joint Resolution No. 107 (SJR 107), which, as approved by the electors voting at the November 7, 2000, State general election, amended the Idaho Constitution by the addition of a new Section 2A of Article 8. The 2001 Idaho Legislature enacted a new Title 67, Chapter 87, Idaho Code, to establish a State bond bank authority pursuant to the constitutional amendment (the "Act"). The Act, which took effect on July 1, 2001, creates an independent public body corporate and politic to be known as the Idaho Bond Bank Authority (the "Authority"). The Authority is declared to be an instrumentality of the State within the State Treasurer's office, but with a legal existence independent of and separate from the State. The authority shall consist of five (5) members: the State Treasurer or his designee; one member of the Idaho State Senate appointed by the president pro tempore of the Senate; one member of the Idaho House of Representatives appointed by the speaker; and two members appointed by the Governor. The Authority is authorized, among other powers, to issue bonds payable from or secured by municipal bonds of one or more municipalities (including cities, counties, school districts, and other political subdivisions), to purchase municipal bonds, to pledge sales tax revenues of the state as a source of payment or security for bonds issued by the Authority, and to establish debt service reserve funds for its bonds.

The Act provides an intercept mechanism whereby the State Treasurer may make payments on the bonds of participating municipalities and, if reimbursement is not timely made, intercept the receipt of any payment of property taxes, sales tax moneys to be distributed to the defaulting municipality, or any other source of operating moneys provided by the State to the defaulting municipality. In addition, if moneys expected to be intercepted pursuant to the intercept mechanism are expected to be insufficient to reimburse the State for its payments on the bonds, the State Treasurer shall cause moneys to be transferred from the State sales tax account and deposited into the Authority's fund (so long as such transfer does not "impede or otherwise affect the payment of sales tax moneys pledged for the payment on other outstanding State bonds"). Any pledge of sales tax revenues made by the Authority is a binding lien on the sales tax revenues so pledged.

The 2002 Idaho Legislature made certain technical amendments to the Act. The 2003 Legislature amended Section 67-8705, Idaho Code (effective July 1, 2003), relating to the powers and duties of the Authority, to authorize the purchase by the Authority of "notes from municipalities to be utilized by a municipality in purchasing, leasing or lease-purchasing tangible personal property when the note was otherwise legally issued and authorized by a municipality and the purchase of the note from a municipality does not violate the State constitution." The stated purpose of the 2003 amendment is to facilitate municipal lease-purchase financing by consolidating lease notes and thereby obtaining lower interest rates. As of April 11, 2008 the Idaho Bond Bank had not facilitated any lease-purchase financings in Fiscal Year 2008.

The Idaho Municipal Bond Bank has issued $62,225,000 of Idaho Bond Bank Authority Revenue Bonds. Some of the participating Idaho cities used the proceeds from this bond issue to achieve savings in debt service by refunding loans currently outstanding with the Department of Environmental Quality and other cities used the proceeds to finance new projects.

The 2005 Idaho Legislature amended certain sections of Idaho Code, Title 67, Chapter 87 to provide that the bonds of Idaho municipalities may be purchased from such municipalities or from other sources, to clarify that the reserve fund shall secure those bonds designated by the Authority, to provide that the procedures for intercept of funds coming to such municipalities from the State, in the event of a failure of a municipality to pay such bonds, would apply to funds that the municipality can legally commit to such bonds and would be limited in certain other cases and last to clarify the references to the sales tax account and the process for payment of the Authority's bonds from the State sales tax, if funds are not available from the municipalities or from other sources. The intended result of this legislation is for lower interest costs for local government units throughout the state. There will be no fiscal impact to the State as a result of these changes.

The 2008 Idaho Legislature amended and repealed existing law relating to the Bond Bank Authority to clarify that sales tax, liquor tax or other revenues which are distributed to municipalities throughout the state are subject to intercept by the State Treasurer if those municipalities from the Idaho Bond Bank Authority fail to make payment on loans to such municipalities from the Idaho Bond Bank Authority in order that the Authority's bonds may be paid, and such state intercept operates by force of law and not by consent of the municipality.

The State does not anticipate that the Act will have any significant fiscal impact on the State, its property, or its ability to pay the principal of and interest on the Notes as the same become due.

STATE BOND LEVY EQUALIZATION SUPPORT PROGRAM FOR SCHOOL FACILITIES

The 2002 Idaho Legislature created a Bond Levy Equalization Support Program. The State Department of Education is directed to establish a "value index" for each school district, based on each school district's market value per support unit for equalization purposes, and the average annual seasonally-adjusted unemployment rate and the per-capita income for the county in which a plurality of the school district's market value for assessment purposes of taxable property is located. Under the Support Program, school districts with a value index below one (1) shall be eligible to receive additional state financial assistance for the amount of annual bond interest and redemption payments made on bonds passed on or after September 15, 2002; provided, that any school district with a value index less than 1.5 shall receive no less than 10% of the interest cost portion of its average annual bond interest and redemption payment for bonds passed on or after September 15, 2002. The Support Program may not be utilized to refinance existing debt (except as provided in the 2004 amendments discussed below).

The 2004 amendments prohibit subsidizing projects which have already been subsidized by State grants, but provides that a district that has issued qualifying bonds prior to June 30, 2004, "shall not be deemed to be refinancing existing debt when the qualifying bonds are utilized to finance the acquisition of public school facilities previously leased or financed through means other than general obligation bonds approved by a two-thirds (2/3) vote at an election called for that purpose…". The 2004 amendments also provide that a school district which is eligible for or has participated in the Safe School Facilities Loan and Grant Program is also eligible for participation in the Support Program so long as the district has met certain conditions specified in the statute.

The 2006 amendments exempt school districts with a value index equal to or greater than 1.5 from receiving the minimum of 10% of the interest cost portion, and eliminate the interest only provision for qualifying school districts.

The 2007 amendment allows a school district to retain eligibility when refinancing a bond passed on or after September 15, 2002.

The 2008 amendment clarifies eligibility for those school districts that participated in the Safe School Facilities Loan and Grant Program.

The Idaho Legislature appropriated the following amounts to the Support Program: $825,000 for the 2004 fiscal year, $2,000,000 for the 2005 fiscal year, $4,527,500 for the 2006 fiscal year, $6,300,000 for the 2007 fiscal year, and $11,200,000 for the 2008 fiscal year. The State does not anticipate that the Support Program will have any significant financial impact upon the State, its operations, or its ability to pay the on the Notes as the same become due.

<u>OUTSTANDING OBLIGATIONS OF THE STATE AND ITS INDEPENDENT AGENCIES</u>

The State has no outstanding general obligation bond debt.

IDAHO HOUSING AND FINANCE ASSOCIATION

The Idaho Housing and Finance Association (formerly Idaho Housing Agency) (the "IHFA"), an independent public body, corporate and politic, was created in 1972, by the Idaho Legislature under the provisions of Chapter 62, Title 67 of the Idaho Code, as amended (the "Act"). The Act empowers the IHFA, among other things, to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of low income residing in the State of Idaho, and, in addition, to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build and rehabilitate residential housing for such persons and families.

The IHFA is governed by seven commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected chairman by the Governor. The Vice Chairman and Secretary-Treasurer are elected annually by the entire Board of Commissioners. The State Treasurer serves as an advisory Board member.

The IHFA has no taxing power and neither the State nor any political subdivision thereof is liable for its bond or other indebtedness. At the time of the IHFA's inception, the Idaho Legislature enacted a continuing appropriation of the State Sales Tax Account as additional collateral for designated bond issues or portions thereof. The Legislature has eliminated the continuing appropriations for all IHFA bonds issued on or after January 1, 1996.

No claims have ever been made by the IHFA for State sales tax funds and none are anticipated. The Association's mortgage loans are either guaranteed by Federal agencies, insured by private mortgage guarantee policies or collateralized by the IHFA's net assets. The aggregate amount of bond debt supported by State Sales Tax totaled $8.7 million and $9.0 million at December 31, 2007 and 2006, respectively. As of January 1, 2008 debt supported by State Sales Tax was $0.00.

As of December 31, 2007, 87.04% of the total bond debt has been used to purchase single-family mortgages, 3.01% has provided the construction and permanent financing for multifamily developments and 9.95% represents Grant and Revenue Anticipation Vehicle (GARVEE) bonds issued for transportation projects undertaken by the Idaho Department of Transportation.

As of December 31, 2007, the IHFA's outstanding bond indebtedness was $1,870.7 million. Fund balances, including reserves, were $183.0 million.

IDAHO HEALTH FACILITIES AUTHORITY

Organized in 1972, the Idaho Health Facilities Authority ("the Authority") is an independent public body politic, and corporate, constituting a public instrumentality of the State. The Authority is comprised of seven members appointed by the Governor to staggered five-year terms. The Executive Director is hired by and serves at the pleasure of the Authority members.

The Authority has the power, among others, to issue tax-exempt revenue bonds or notes and re-lend the funds to governmental and not-for-profit health facilities in Idaho to (a) finance and refinance outstanding indebtedness for health facilities and (b) provide additional facilities for the development and maintenance of public health, health care, hospitals and related facilities.

These debt instruments do not directly, indirectly, or contingently obligate the State or any political subdivision thereof to levy any form of taxation or to make any appropriations for the payment thereof and any such levy or appropriation is prohibited.

As of December 31, 2007, the total outstanding indebtedness of the Authority was $600,181,103.

IDAHO STATE BUILDING AUTHORITY

The Idaho State Building Authority (the "Authority") is a public corporation of the State established in 1974 by the State under the provisions of the Idaho State Building Authority Act. The Act empowers the Authority, among other things, to issue notes and bonds to finance construction or acquisition of facilities for lease to the State governmental bodies and community college districts with the approval of the Legislature.

The Authority is governed by seven commissioners appointed by the Governor to serve staggered five-year terms. The commissioners of the Authority, in turn, appoint an executive director.

Bonds, notes or other obligations of the Authority are not a debt or obligation of the State, nor of any department, board, commission, agency, political subdivision, body corporate and politic or instrumentality of or municipality or county within the State, nor shall the bonded debt be payable out of any funds other than those of the Authority. The Authority has no taxing power.

As of December 31, 2007, the Authority's outstanding bond indebtedness was $302,320,000. A resolution of the 2008 Idaho Legislature authorized the Board of Corrections to enter into an agreement with the Idaho Building Authority to finance and build a facility that is projected to cost $70 million for construction.

OUTSTANDING DEBT OBLIGATIONS OF STATE MUNICIPALITIES

The State Treasurer's Office established and maintains the Idaho State Debt Repository (ISDR) under Idaho Code §67-1222, passed in 1989. The ISDR maintains current information about municipal offerings. This database is statewide in scope and maintains records on over 1,000 issuers.

IDAHO STATE LOTTERY

The Idaho State Lottery was established in 1989. Total sales for fiscal year-2007 were $130,564,400. Net proceeds for that year totaled $34 million and are divided equally between the Permanent Building Fund, for use in carrying out State public works projects and the Public School Building Fund for distribution to Idaho's Public School Districts.

Idaho Code stipulates that the State Treasurer will invest Lottery receipts and the interest generated on the Lottery Account balance will be transferred to the General Fund. Interest earnings for fiscal year-2007 were approximately $860,700.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF IDAHO

The Public Employees Retirement System of Idaho ("PERSI") covers eligible employees who work 20 hours per week or more. The membership of PERSI includes employees of the State, including State colleges and universities, employees of political subdivisions, (e.g., counties, cities, hospitals) and local school districts. As of June 30, 2007, PERSI had 65,800 active members, 22,690 inactive (of whom 9,542 are entitled to vested benefits), and 29,619 annuitants. PERSI collects contributions from employees and employers to fund retirement, disability, death and separation benefits, as provided by Chapter 13, Title 59, Idaho Code.

Because of outstanding investment markets the PERSI unfunded actuarial liability (UAL) was reduced from $575.1 million on July 1, 2006, to $528.0 million on July 1, 2007, representing an excess funding situation, including the retiree COLA. The funded ratio of the PERSI system (assets divided by the actuarial accrued liability) is 105.1% as of July 1, 2007. The Board did approve a discretionary COLA for retirees above the 1% required retiree COLA of 1.0% for a total COLA of 2.0%.

The employer contribution rate was increased effective on July 1, 2004, to 10.39% for general members and to 10.73% for police officer members and has remained at that rate. With the exception of police and fire fighter members, the member contribution rate was increased to 6.23% of salary. The employee contribution rate for police and fire fighters was increased to 7.65% of salary. Because of the funding status the Board has removed future scheduled contribution rate increases. The current contributions rates will remain at current levels for the foreseeable future.

The PERSI actuary has confirmed that the current schedule of contribution rate will at least meet the normal costs of the system as they accrue.

IDAHO STATE INSURANCE FUND

The Idaho State Insurance Fund (the "Fund") was created in 1917 by the Idaho State Legislature to insure employers against liability under the Workers' Compensation Act. The Fund is an independent body corporate politic and is to be administered without liability on the part of the State (Idaho Code Section 72-901). The money in the Fund does not belong to the State and is not in the State Treasury within the meaning of article 7, section 13 of the Constitution (State v. Musgrave, 84 Idaho 77, 370 P.2d 778 [1962]). It is deposited with the State Treasurer as custodian and is held by the Treasurer as such for the contributing employers and the beneficiaries of the compensation law and for the payment of the costs of the operations of the Fund. All public employers are required by law to obtain their workers' compensation insurance through the State Insurance Fund or self-insure (Idaho Code Section 72-301). Private employers may, at their discretion, also procure workers' compensation insurance from the Fund.

As of December 31, 2007, the Fund had a surplus (fund balance) of $211 million. The Fund has no bonded debt.

The manager, who is hired by the Board of Directors, administers the Fund. The Board is appointed by the Governor.

IDAHO PETROLEUM CLEAN WATER TRUST FUND

The Idaho Petroleum Clean Water Trust Fund (the "Trust Fund"), is a not-for-profit State entity created in 1990 by the Legislature to indemnify tank owners and operators from petroleum storage tank releases. In March 2003 House Bill 132 was signed into law. The law creates a Board of Trustees, appointed by the Governor, to direct the policies and operations of the Trust Fund. The Idaho State Insurance Fund, at the pleasure of the Board of Trustee, will act as the administrator for the Trust Fund. Statutorily, neither the Fund nor the State has any liability for the Trust Fund's obligations (Idaho Code Section 41-4905(6)).

As of December 31, 2007, the Trust Fund had fund balances of $24.2 million. The unencumbered fund balance is $21.3 million. The Trust Fund has no bonded debt.

TAX MATTERS

In the opinion of Moore Smith Buxton & Turcke, Chartered, Bond Counsel, based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Notes. The State has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Notes will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes from the date of original execution and delivery of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any matters coming to Bond Counsel's attention after the date of execution and delivery of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of Idaho personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a beneficial owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code, or court decisions could cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status on such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the requirements of the Code.

CONTINUING DISCLOSURE UNDERTAKING

The State has covenanted in the Plan of Financing that it will provide, in a timely manner, to the Municipal Securities Rulemaking Board ("MSRB") or to each Nationally Recognized Municipal Securities Repository ("NRMSIR") recognized by the Securities and Exchange Commission ("SEC"), notice of the occurrence of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financing difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Notes; (7) modifications to rights of Noteholders; (8) Note calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes; or (11) rating changes.

The State will also provide notice in a timely manner to the MSRB if the State has materially failed to comply with its disclosure undertakings. The State has never failed to comply with a prior written continuing disclosure undertaking made pursuant to SEC Rule 15c2-12.

The currently recognized NRMSIRs include Standard & Poor's J.J. Kenny, 55 Water Street, 45th Floor, New York, New York 10041; Bloomberg Municipal Repository, 100 Business Park Dr., Skillman, New Jersey 08558-3629; DPC Data, Inc., One Executive Drive, Fort Lee, New Jersey 07024; FT Interactive Data, 100 William Street, New York, NY 11038.

The continuing disclosure undertakings described above have been made for the benefit of the Noteholders. Noteholders may enforce specific performance of the undertakings by any available judicial proceeding. However, the failure of the State to perform the undertakings hereunder shall not constitute an event of default with respect to the Notes or result in monetary damages.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving opinion of Moore Smith Buxton & Turcke, Chartered, Bond Counsel. Bond Counsel has reviewed the portions of the Official Statement set forth under "THE NOTES" entitled "Description of the Notes," "Authorization," and "Security and Sources of Payment" (except for statistical and financial data), and has prepared the section entitled "TAX MATTERS" and the form of approving opinion of Bond Counsel set forth in Appendix C to the Official Statement. Certain legal matters will be passed upon for the State by the Attorney General for the State, and for the Underwriters by Jones Hall, A Professional Law Corporation.

RATINGS

Moody's Investors Service, Standard and Poor's Corporation and Fitch have assigned the Notes the ratings of MIG-1, _SP-1+, and F1+, respectively. An explanation of the significance of each such rating may be obtained from the respective rating agency. The State has furnished certain information and materials with respect to the State and the Notes to the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the credit ratings may have an adverse effect on the market price of the Notes.

UNDERWRITING

Banc of America Securities LLC, acting on behalf of the Underwriters (the "Underwriter"), has agreed, subject to certain conditions, to purchase all of the Notes from the State at a price equal to $607,092,000, plus accrued interest, if any, and will re-offer the Notes at a price of $607,524,000, plus accrued interest, if any. The underwriting spread on the Notes is $0.72 per $1,000 of principal. The Underwriter has advised the State that the Notes may be offered and sold to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the initial public offering prices set forth on the cover page of the Official Statement and that such public offering price may be changed from time to time.

MISCELLANEOUS

All summaries herein of the provisions of the Constitution of the State of Idaho, acts of the State Legislature, other documents and instruments and of the Notes are made subject to all the detailed provisions and judicial interpretations thereof to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

All estimates and assumptions in the Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the State.

/s/ Ron G. Crane
Ron G. Crane, State Treasurer

Dated: June 18, 2008

APPENDIX A

SELECTED DATA ON THE STATE OF IDAHO

Idaho State Government

State Government in Idaho originates from the State Constitution adopted at the constitutional convention of August 6, 1889, and ratified by the people in November of the same year. Congress approved the Constitution and admitted Idaho to the Union on July 3, 1890.

The Executive Department

The Idaho Executive Department consists of seven constitutionally empowered elected officials--Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction.

The Governor is vested with the "supreme executive power." The Governor appoints department heads and members of boards and commissions. In extraordinary occasions, the Governor can convene special sessions of the Legislature. The Governor gives final approval, by signing, of bills passed by the Legislature, and has the power to veto bills but must list the objections. The Legislature can override a veto by a two-thirds vote of each chamber.

The Lieutenant Governor presides over the State Senate and, when the Governor is absent from the State, serves as Acting Governor. In case of vacancy for any reason in the Governor's office, the Lieutenant Governor succeeds to that office.

The Secretary of State is primarily a ministerial official. The Secretary of State is the custodian of records, including those of corporations, and of the Great Seal of the State of Idaho. The Secretary of State is the State's Chief Election Officer and has administrative duties as a member of the Board of Examiners, the State Land Board, and State Board of Canvassers.

The State Controller, as Chief Accounting Officer, is responsible for the accounting records, and is the State's cash disbursement officer. The Controller is also responsible for maintaining the statewide system of internal control procedures. The Controller is the State Administrator of Social Security, a member of the State Land Board, ex officio Secretary of the Board of Examiners, and a member of the State Board of Canvassers.

As Idaho's Chief Financial Officer, the State Treasurer receives all State revenues and fees, and is cash manager and investor for all State revenues. The State Treasurer pays all State bills by redeeming State warrants, and is custodian of the Worker's Compensation Fund and the Public School Endowment Fund. The State Treasurer also is a member of the State Board of Canvassers, and serves as advisor to the Idaho Housing and Finance Association.

The Attorney General is the Chief State Legal Officer and represents State officers and agencies in legal matters. The Attorney General must provide legal opinions in writing when requested by government officials. The Attorney General is required to supervise all county prosecuting attorneys and to assist them in law enforcement if they so request. The Attorney General is in charge of consumer protection laws and has jurisdiction to enforce State antitrust laws. The Attorney General is a member of the Board of Examiners and the State Land Board.

The State Superintendent of Public Instruction is an ex-officio and voting member of the State Board of Education, the executive officer of the State Department of Education and advisor to school districts on all aspects of education. The State Superintendent also is a member of the Endowment Funds Investment Board and of the State Land Board and serves as ex-officio member of the State Library Board.

Description of Area

Idaho, located in the northwestern portion of the United States, is bordered by Washington, Oregon, Nevada, Utah, Wyoming, Montana and Canada. Idaho's land area consists of 82,751 square miles of varied terrain including prairies, rolling hills and mountains with altitudes ranging from 736 feet to 12,662 feet. The rugged beauty of the land and easy access to many outdoor activities such as boating, fishing, hunting and skiing help to make tourism and recreation a growing industry.

Although located in the arid West, Idaho has enormous water resources which have dominated its history and development and may prove equally important to its future. There are 26,000 miles of rivers and streams and more than 2,000 natural lakes. Three of Idaho's rivers--the Clearwater, the Kootenai and the Salmon--are more than half as large as the Colorado. The Snake River Plain Aquifer is one of the largest fractured basalt aquifers in the world. Equally important to quantity is the quality of Idaho's waters, which remains outstanding. The drop in elevation of rivers like the Snake allow valuable hydropower production, affording the State some of the lowest electricity rates in the nation.

Idaho enjoys a broad base of economic wealth ranging from extensive mining and timber resources to notably-productive agricultural lands which are benefited by a highly-developed series of man-made reservoirs and irrigation systems. More than four million acres are irrigated in the Snake River Basin, placing Idaho fourth in the nation for irrigated acreage.

Idaho traditionally has been an agricultural State. Livestock, beef, dairy cattle, and sheep are important to the economy, while the major crops of Idaho's farmers include potatoes, wheat, barley, sugar beets, peas, lentils, seed crops and fruit. Major manufacturing industries include food processing, forest products, phosphate processing, and electronics. Mining has played an important role in the development of the State with phosphate rock, silver, lead, zinc and molybdenum among the resources mined.

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IDAHO ECONOMIC OVERVIEW AND OUTLOOK

Based on the *IDAHO ECONOMIC FORECAST.*

The *Idaho Economic Forecast* is published quarterly by the State of Idaho, Division of Financial Management, Economic Analysis Bureau. It is prepared by Michael Ferguson, Chief Economist and Derek Santos, Economist. *The Forecast Period is the First Quarter of 2008 through the Fourth Quarter of 2011.*

Idaho's economic outlook has been scaled back compared to the January 2008 *Idaho Economic Forecast*. This change largely results from the anticipated weaker showing for the national economy. For example, real GDP was projected to average 2.6% growth over the next few years in the previous forecast. In the current forecast real GDP advances just 2.3% annually. While both forecasts have a near-term slowdown, it is more severe in the current one. In the previous forecast, real GDP growth slows (but does not stall) in the first half of this year then recovers and advances at about 3.0% through 2011. In the current forecast, the economy shrinks in the first half of this year and its recovery is not as steady. As a result, real output does not grow consistently until after the first quarter of 2009, about a half year later than in the January 2008 forecast.

One of the most significant differences between the previous and current Idaho forecasts is caused by the weaker national economic trajectory. There are about 7,800 fewer Idaho jobs in 2008 in the current forecast compared to the previous one. This gap grows each of the next three years, so that there are nearly 12,400 fewer jobs in 2010 than in the previous forecast. Projected goods-producing employment is down about 4,000 jobs, with the computer and electronics and construction sectors combined accounting for 90% of the difference between forecasts. The more pessimistic projection for construction occurs because the housing retrenchment is anticipated to be deeper than in the previous forecast. There are nearly 2,700 fewer housing starts in 2010 in this forecast compared to the previous one.

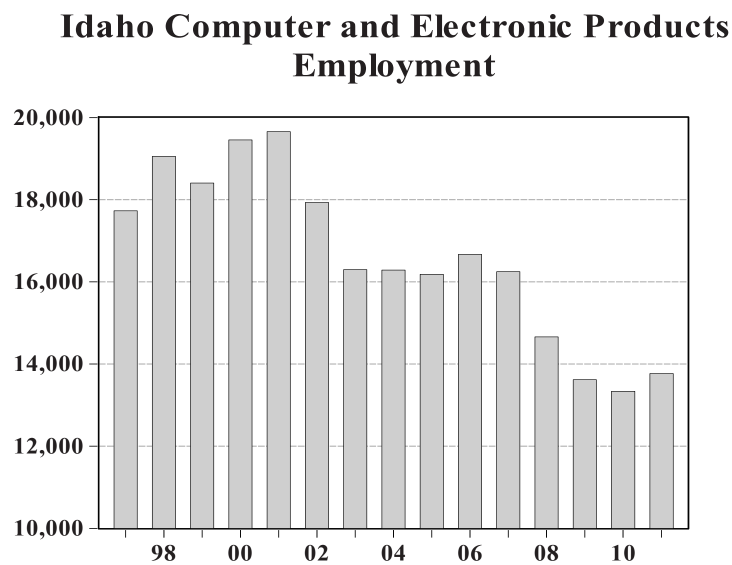
The Gem State's nongoods-producing sector accounts for two-thirds of 2010's projected job gap, but it is less concentrated than in the goods-sector. For example, projected retail trade employment is down by roughly 2,800 jobs in the current forecast, which is about 33% of the nongoods-producing job gap. Services accounts for about 50% of the difference between the current and previous forecasts, but this difference is dispersed over several employment categories. Financial activities employment is hit hardest, reflecting the troubles in the housing market. The least affected category is information services, which is down just 41 jobs compared to the previous forecast in 2010.

Projected Idaho personal income displays a similar pattern as nonfarm employment. It too is lower in 2008 and this gap increases through 2010. Specifically, the gap between the current and previous Idaho nominal personal income goes from $1.07 billion in 2008 to $2.00 billion in 2010. The gap for Idaho real personal income swells from $1.32 billion to $2.09 billion over the same period. About 60% of the anticipated gap in 2010 is due to lower wage and salary payments, the product of lower employment and average annual wages that are down about $1,100 compared to the previous forecast.

Idaho's economy should make some headway in 2011; the employment gap between forecasts shrinks to 9,700 jobs in 2011. Unfortunately, the wage gap is forecast to expand, which increases the forecasted wages and salary payments difference in 2011. As a result, the gap between the current and previous nominal personal income forecasts widens to $2.07 billion in 2011. Likewise, the difference between the current and previous Idaho real personal income forecasts also increases in 2011.

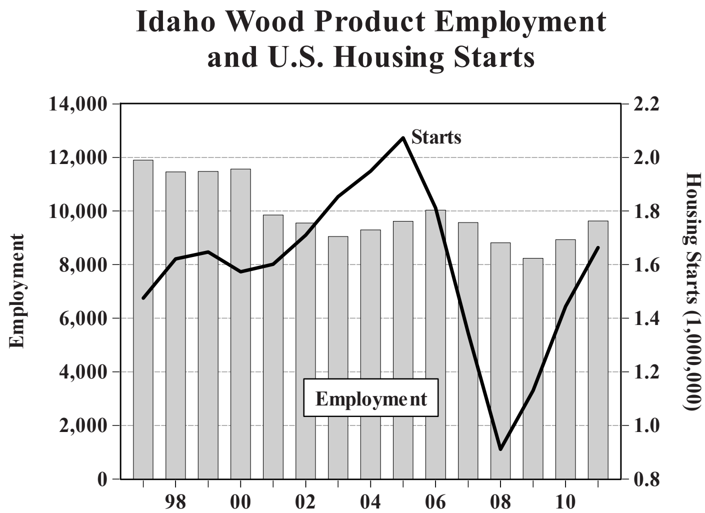
While the current Idaho forecast is gloomier than its predecessor, it remains brighter than the current national outlook. During 2008 to 2011, Idaho nonfarm employment growth is forecast to average 1.9%, which is more than twice as fast as the national average. In addition, Idaho real personal income is projected to increase 3.3% annually, while U.S. real personal income is expected to grow 2.5% per year.

SELECTED IDAHO ECONOMIC INDICATORS



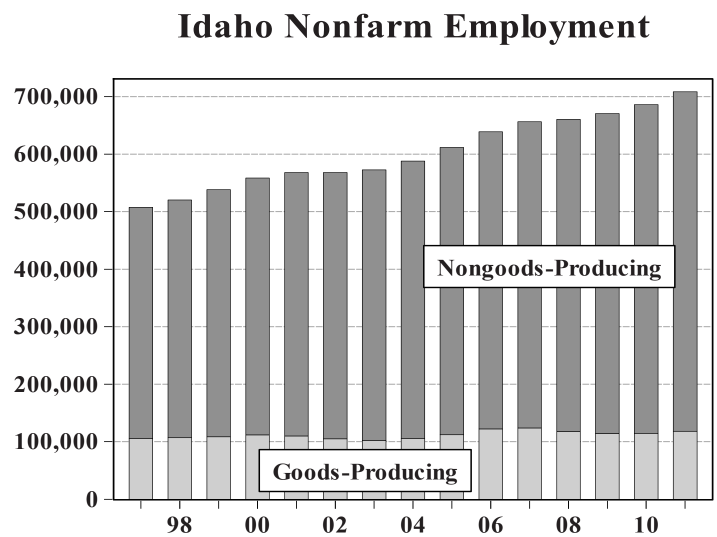
Computer and Electronics: Idaho's computer and electronics payroll is expected to continue shrinking through most of the forecast period, eventually costing this sector its spot as the state's top manufacturing employer. This sector shed about 400 jobs in 2007. Despite this loss, it was still the top manufacturing employer with nearly 16,250 jobs. The next largest manufacturing employer was the food processing sector that had 14,920 jobs during that same year. It should be pointed out that the year-over-year consumer and electronics job loss understates this sector's recent travails. This is because the annual change dilutes the significant job losses in the second half of 2007. A review of the quarterly data provides a more accurate picture of this sector's current state. Namely, it shows employment dropped from just over 17,000 jobs in the first quarter of 2007 to about 15,300 jobs in the fourth quarter. Of these approximately 1,700 jobs lost, about 1,500 were shed in the second half of last year. A large part of this decrease reflects Micron Technology's reduction of 1,100 workers. Company officials made this move to reduce production costs in order to return to profitability. Micron Technology lost $158 million in the last quarter of its fiscal year 2007, and a total of $320 million last year. Losses continued in the current fiscal year, as the company continued to be dogged by low prices for its memory products due to the worldwide glut of these items. It reported the average selling prices for the company's DRAM and NAND Flash memory products decreased 15% and 30%, respectively, in the second quarter compared to the first quarter. Comparing the second quarter to the same quarter of the previous fiscal year, average selling prices for the company's DRAM and NAND Flash memory products decreased approximately 60% and 70%, respectively. Unfortunately, the worldwide imbalance of supply and demand that has depressed prices is not expected to right itself quickly. In addition, this sector will be hamstrung by relatively lackluster U.S. business investment. This sector received another setback when ON Semiconductor announced it was reducing employment at its newly acquired AMIS Semiconductor plant in Pocatello by about 200 jobs over the next 18 to 24 months. Not all the high-tech recent news has been bad. Nordic Windpower, Limited, a wind turbine manufacturer, plans to locate a plant in Pocatello. Its plan calls for it to hire 160 workers within the next couple of years. In addition, Hoku Scientific is building a $400 million dollar plant in the same city that is nearly twice as large as had been originally planned to accommodate stronger-than-anticipated demand for the polysilicon it produces. On an annual basis, Idaho computer and electronics employment will drop 9.8% this year, 7.1% next year, 2.1% in 2010, and increase 3.3% in 2011. As a result of these declines, this sector will cede its title as the state's largest manufacturing sector to the food processing sector in this year.

Logging and Wood Products: Up until recently, strong demand by the booming U.S. housing sector caused Idaho lumber and wood products employment to expand despite long-term supply trends that weigh this sector down. These factors contributed heavily to the loss of nearly one in four logging and wood products jobs from 1996 to 2006. The strong housing sector came to the rescue in 2004, causing it to post its first significant gain in six years. Employment continued to rise in the next two years, topping out at just over 10,000 jobs in 2006. However, after expanding for five years, U.S. housing starts slipped 12.6% in 2006 and another 25.8% in 2007. Idaho logging and wood products followed suit, and suffered a 4.6% decline in 2007. As demand continues ebbing, supply factors will once again dominate this sector's future. The biggest challenge Idaho's lumber and wood products sector faces is the dwindling timber supply from public forests. According to U.S. Forest Service estimates, the harvest from Idaho national forests fell by 74% from 1996 to 2005. As a result, the national forests' share of Idaho's timber harvest shrank from 23.9% in 1996 to 8.4% in 2005. This decline resulted in the closure of several older mills around the state. However, these closures help increase the industry's efficiency. Thus, production was virtually the same in both years even though employment was 16.5% lower in 2006 than it was in 1996. Despite the industry's downsizing, excess capacity remains a challenge. It is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. Idaho lumber and wood products employment is forecast to be 9,573 jobs in 2007; 8,815 jobs in 2008; 8,236 jobs in 2009; 8,932 jobs in 2010; and 9,624 jobs in 2011.



Construction: This sector's cyclical peak has passed and its future performance will be subdued compared to its strong showing in recent years. Idaho construction employment enjoyed several quarters of double-digit growth that culminated with a record 53,447 jobs in the first quarter of 2007. This statistic alone does not provide an adequate measure of the strength and duration of this expansion. One can see this by reviewing the annual job data. Remarkably, Idaho construction employment has increased in 15 of the 16 years since 1991—the most consistent showing among the state's goods-producing sectors. During this period the construction payroll exploded from 20,350 to 53,068, which is a 6.2% average annual growth rate. To provide some perspective, Idaho total nonfarm employment grew an average of 3.2% annually during this time. The construction sector's success should come as no surprise to those who follow the state's housing activity. Fueled by strong population growth, the number of Idaho housing starts increased from about 6,000 units in 1991 to a high of about 23,300 units in 2005. It declined

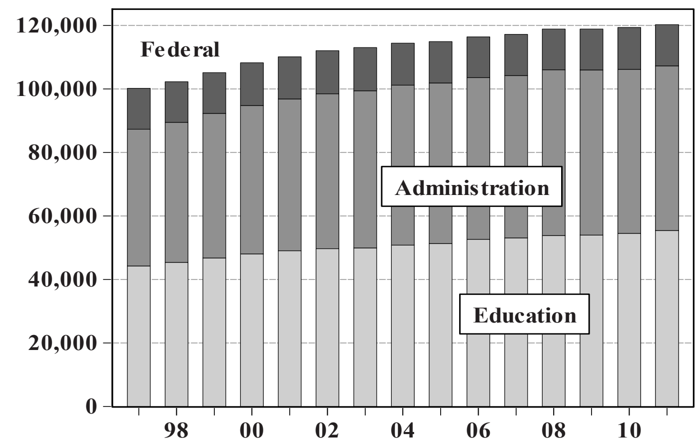
to 19,428 the next year, but construction employment continued to grow thanks to strong nonresidential building in 2006. Idaho construction employment began slipping in 2007, going from 53,447 jobs from its start to 52,944 jobs at its finish. It is expected to gradually decline over most of the next few years, as the number of housing starts hovers well below its recent peak. Employment's orderly retreat from its acme reflects the fact Idaho demand and supply balance is in better shape than states which were closer to the crest of the housing tidal wave. The number of housing units started in Idaho is forecast to be 12,913 units this year, 13,727 units next year, 14,077 in 2010, and 16,544 in 2011. Gem State construction employment is forecast at 49,718 jobs in 2008 and 48,339 in 2011. This number deserves some perspective. While employment falls below its high of 53,068 jobs in 2007, it remains higher than its peak reached as recently as 2005.



Nongoods-Producing Industries: Idaho's largest private employment sector, nongoods, will provide an important safety net to anticipated job losses in other sectors of the state's economy. Overall, Idaho private nongoods employment should expand by nearly 54,600 jobs from 2007 to 2011, which more than offsets the forecasted 5,500-job loss in the goods-producing (manufacturing, mining, construction) category. The nongoods-producing sector accounted for roughly 87% of last year's job gain. Industries in this sector can be divided into two broad categories: services and trade. The services category had 303,843 employees in 2007 and there were 111,493 trade jobs. The services category consists of information services; financial activities; transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality services; and other services. Trade is divided into retail and wholesale categories. Services employment has traditionally been the faster growing of the categories, advancing an average of 3.7% annually over the last five years versus 2.8% for trade employment. One of the services category's strongest performers is professional and business services. This category's employment should expand an average of 3.9% per year over the forecast period. Another strong performer is education and health services. An interesting trait of this category is that it is driven more by demographics than economics, so it is relatively immune to business cycle swings. This category should add jobs at a 3.3% average annual pace from 2007 to 2011. Leisure and hospitality services should grow 3.1% annually over the same period. Financial services employment will feel the impact of the cooling local housing market. After expanding by an average of around 6.5% in both 2005 and 2006, its payroll growth will slow to 1.6% annually over the forecast period. Transportation, warehousing, and utilities sector employment will stall due to the headwinds of the inclement housing sector. Other services will expand. Information service employment should rise at a 2.1% annual pace. Employment in the miscellaneous services category accelerates over the forecast period. The trade sector's employment should grow an average of 3.3% per year.

Government: Idaho public employment growth is expected to slow over the next few years, along with the state's population. The positive correlation between population and government employment can be gleaned from the historical data. From 1991 to 2000, Idaho's population increased about 2.5% per year. Over this same period, Idaho state and local government expanded 3.0% annually. This relationship is not coincidental. The demands of the growing population puts pressure on existing government resources, so government employment expands to meet this demand. If population growth slows, so does government employment. For example, population growth slowed to a 1.7% annual pace from 1999 to 2004. State and local government employment growth followed suit, slowing to an average 1.9% annual pace. It should be pointed out that most of the state's population swings are due to changes in migration. For example, Idaho's population expanded by 1.6% in 2002. In that year net-inmigration was about 10,000 persons, or about half of the increase. In 2005, net-inmigration more than doubled to 24,300 persons (two-thirds of the increase), and the total population surged 2.7%. As Idaho's economy cools, net migration will fall to its lowest point in 2009, accounting for just under half of that year's population growth. Idaho's population is forecast to increase 2.2% in 2008, 1.8% in 2009, and about 2.0% in both 2010 and 2011. Idaho state and local government employment is projected to rise about 0.7% annually over this period. However, growth rates will differ between the education- and noneducation-related components. Idaho education employment is expected to advance about 1.1% per year from 2007 to 2011. During this same period, noneducation-related government employment should expand just under 0.3% annually. Federal government employment in Idaho has hovered near 13,000 jobs over the last few years, and it is projected to continue doing so over most of the forecast horizon. However, it should rise above 13,000 jobs in 2010, when hiring for the U.S. census takes place.

Idaho Government Employment



Mining: High metal prices have had a two-prong, positive impact on Idaho's mining sector. First, they have turned around this sector's employment situation. Previous to 2003, Idaho mining employment decreased for five years, dropping from nearly 3,000 jobs in 1997 to about 1,760 jobs in 2002. This downward streak ended in 2003 when mining employment grew by 1.5%. This small increase proved to be the first step in an expansion that would see employment eventually top 2,600 jobs in 2007. Beginning this year, the cooling U.S. economy will begin to weigh down this sector's job prospects. Specifically, Idaho mining employment is projected to rise to about 2,700 jobs, then fall to about 2,500 jobs in the later years of the forecast. Second, higher metal prices have increased expansion and exploration. Using the record profits it earned the last couple of years, Hecla Mining is expanding production at and exploration around its Lucky Friday Mine, where it employs 200 people. U.S. Silver Corp. is mining new finds at the Galena Mine, where another 200 people work, and it now is exploring the feasibility of reopening the Coeur and Dayrock mines. SNS Silver plans to spend $3.5 million exploring the Crescent Mine. New Jersey Mining Co. is exploring at the Golden Chest, and its potential looks enormous. Timberline Resource Corp., headquartered in Coeur d'Alene, is exploring the Snowstorm, a historic silver-copper mine, and adjoining properties. Not all of the new activity is taking place north of the Salmon River, however. Standard Silver Corporation of Texas acquired the King Gold Mine that is 50 miles north of Boise. The J.R. Simplot Company is exploring for phosphate in the Dairy Sink Line area near the southeastern corner of the state.

Food Processing: After sliding for a decade, food processing employment grew in 2007. This is the first step in a gradual march that will once again make it the state's largest manufacturing employer. This improvement is not surprising to anyone who monitors this sector. More recently, about 400 jobs were lost when the Swift and Company beef processing plant closed. Fortunately, the former Swift and Company beef processing plant has been reopened by XL Foods, Inc. Gossner Foods, Inc. opened a new cheese manufacturing plant in Heyburn on land formerly occupied by the J.R. Simplot plant. Brewster Dairy, Inc. has taken over the former Kraft plant in Rupert. Marathon Cheese is building a $27-million plant in Mountain Home that will employ 250 workers. The plant's employment should climb to twice that many jobs in five years. Another new plant is High Desert Milk in Burley. When completed, this plant will employ 30 workers to manufacture powdered milk. Idaho Milk Products broke ground on a 180,000-square-foot facility in Jerome in late October. Once operational, the plant will process about 3 million gallons of milk per day into protein powders, lactose permeate, and cream. This recovery is important because food processing is an essential part of the Gem State's economy. This sector had 14,700 jobs in 2006, making it the state's second largest manufacturing employer. Other measures also point to its importance. The value of food manufacturing output accounted for more than half (55.7%) of the total Idaho nondurable manufacturing output from 1997 to 2004 and about 2.6% of the state's total gross domestic product. Idaho food processing employment is forecast to fall 1.3% this year, but increase 0.8% next year, 1.7% in 2010, and 1.5% in 2011.

Idaho Food Processing Employment

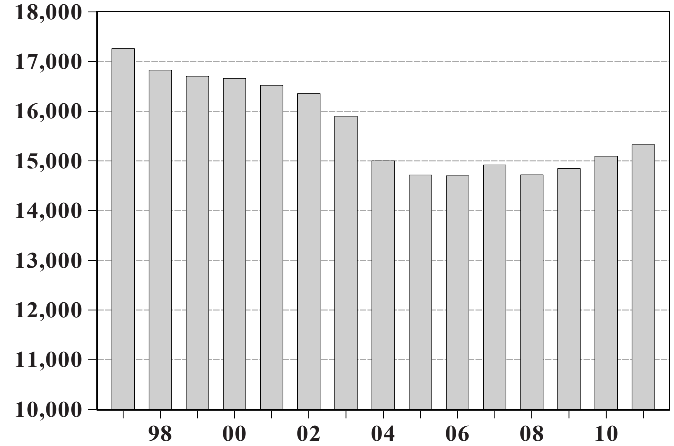


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TABLE 14
STATE OF IDAHO
LABOR FORCE & NONFARM PAYROLL JOBS ANNUAL

LABOR FORCE DATA-PLACE OF RESIDENCE (PEOPLE)	2007*	2006	2005	2004	**See Footnote** 2003	2002	2001	2000	1999	Percent Change From 2006-2007
Civilian Labor Force	754,137	749,244	738,739	703,067	690800	682,861	675,828	661,599	652,884	0.65%
Unemployment	20,484	25,623	28,183	33,339	36577.5	36,903	32,920	30,665	31,922	-20.05%
Percent of Labor Force Unemployed	2.7%	3.4%	3.8%	4.7%	5.3%	5.4%	4.9%	4.6%	4.9%	-20.59%
Total Employment	733,652	723,621	710,556	669,728	654221.917	645,958	642,908	630,934	620,962	1.39%
NONFARM PAYROLL JOBS - PLACE OF WORK (JOBS)**										
Nonfarm Payroll Jobs - NAICS	656,461	640,570	611,704	588,067	572,253	568,203	568,033	558,588	538,148	2.48%
Goods Producing	123,521	122,815	112,353	105,453	102,406	105,074	110,226	111,855	108,744	0.58%
Natural Resources and Mining	4,430	4,241	4,135	3,968	3,625	3,771	4,061	4,653	4,918	4.45%
Logging	1,779	1,867	1,970	2,031	1,838	2,021	2,092	2,307	2,438	-4.72%
Mining	2,652	2,375	2,166	1,937	1,788	1,750	1,968	2,346	2,480	11.65%
Metal Ore Mining	959	795	701	599	522	540	739	1,117	1,305	20.58%
Construction	52,812	52,596	45,169	39,849	36,713	36,468	37,851	36,493	35,044	0.41%
Manufacturing	66,280	65,977	63,049	61,636	62,067	64,835	68,315	70,709	68,782	0.46%
Durable Goods	42,525	42,804	40,123	38,507	38,120	40,298	43,020	45,080	43,267	-0.65%
Wood Product Manufacturing	7,785	8,239	7,631	7,255	7,220	7,544	7,769	9,238	9,046	-5.51%
Sawmills & Wood Preservation	2,453	2,531	2,673	2,775	2,968	3,064	3,215	3,811	2,941	-3.06%
Veneer & Engineered Wood Products	1,515	1,703	1,538	1,309	1,201	1,256	1,349	1,790	1,908	-10.99%
Other Wood Product Manufacturing	3,816	3,912	3,420	3,172	3,051	3,224	3,205	3,637	4,197	-2.45%
Fabricated Metal Product Manufacturing	4,664	4,349	3,906	3,636	3,536	3,632	3,875	4,031	3,943	7.25%
Machinery Manufacturing	2,994	2,858	2,606	2,569	2,632	2,831	3,055	3,304	3,039	4.79%
Computer & Electronic Product Man	16,215	16,666	16,180	16,283	16,297	17,933	19,659	19,456	18,407	-2.71%
Transportation Equipment Manufacturing	3,563	3,192	2,845	2,332	2,162	2,119	2,165	2,479	2,455	11.62%
Other Durable Goods	7,303	7,501	6,956	6,431	6,274	6,238	6,498	6,572	6,376	-2.63%
Non-Durable Goods	23,755	23,173	22,926	23,129	23,947	24,537	25,294	25,629	25,515	2.51%
Food Manufacturing	14,914	14,650	14,712	14,998	15,899	16,358	16,523	16,664	16,705	1.81%
Fruit & Vegetable Preserving & Specialty Food	7,522	7,483	7,255	7,252	7,782	8,459	8,872	9,055	9,177	0.52%
Paper Manufacturing	1,707	1,510	1,592	1,605	1,630	1,679	1,694	1,746	1,734	13.04%
Printing and Related Support Activities	1,899	1,914	1,900	1,921	2,029	2,034	2,224	2,339	2,235	-0.77%
Chemical Manufacturing	2,265	2,104	1,936	1,877	1,830	1,926	2,325	2,337	2,313	7.66%
Other Nondurable Goods	2,970	2,995	2,786	2,408	2,408	2,408	2,528	2,543	2,527	-0.86%
Service-Providing	532,939	517,756	499,351	482,614	469,847	463,128	457,807	446,733	429,404	2.93%
Trade, Transportation, and Utilities	132,466	127,937	122,979	118,068	115,762	115,961	117,214	119,595	115,744	3.54%
Trade	111,529	107,833	103,686	99,128	97,103	97,311	98,062	100,189	96,740	3.43%
Wholesale Trade	28,157	26,889	26,879	25,408	24,495	24,941	25,465	25,714	25,308	4.71%
Wholesalers, Durable Goods	13,017	12,436	12,474	11,709	11,355	11,534	11,799	11,696	11,085	4.68%
Wholesalers, Nondurable Goods	12,058	11,762	11,934	11,347	11,147	11,516	11,728	12,296	12,575	2.52%
Retail Trade	83,372	80,944	76,807	73,720	72,609	72,370	72,598	74,475	71,432	3.00%
Motor Vehicle and Parts Dealers	12,568	11,998	11,527	11,172	10,815	10,596	10,400	10,356	10,175	4.75%
Building Material and Garden Equipm	9,601	9,849	9,007	8,286	7,660	7,650	7,438	7,445	7,161	-2.52%
Food and Beverage Stores	12,598	12,535	12,174	12,096	12,400	12,539	13,105	16,120	15,861	0.50%
General Merchandise Stores	17,230	16,465	15,931	15,357	15,030	14,707	14,315	13,030	11,672	4.64%
Transportation, Warehousing, & Utilities	20,937	20,104	19,293	18,940	18,659	18,650	19,152	19,406	19,004	4.14%
Utilities	2,066	2,008	1,932	1,874	1,876	1,923	1,792	2,536	2,496	2.89%
Transportation & Warehousing	18,871	18,096	17,362	17,066	16,783	16,726	17,360	16,870	16,508	4.28%
Rail Transportation	1,316	1,275	1,144	1,126	1,205	1,303	1,304	1,453	1,464	3.18%
Truck Transportation	9,432	9,181	8,773	8,542	8,244	8,206	8,457	8,559	8,210	2.73%
Information	10,864	10,569	11,072	9,939	9,182	9,161	9,598	9,862	9,281	2.79%
Telecommunications	3,970	3,793	4,515	3,806	3,179	3,214	3,321	3,502	3,046	4.68%
Financial Activities	32,509	31,827	29,658	27,939	26,946	25,842	25,010	25,156	25,305	2.14%
Finance & Insurance	23,635	23,067	21,610	20,489	20,030	19,302	18,434	18,652	18,603	2.46%
Real Estate & Rental & Leasing	8,874	8,760	8,047	7,450	6,916	6,540	6,576	6,504	6,702	1.30%
Professional and Business Services	83,198	81,599	76,913	73,160	69,994	69,002	67,657	60,649	54,822	1.96%
Professional, Scientific, & Technical	33,765	33,069	30,756	29,499	28,930	28,466	28,814	27,414	24,886	2.10%
Scientific Research and Development	6,159	7,647	7,601	7,334	7,347	7,371	8,034	8,266	7,814	-19.47%
Management of Companies & Enterpr	7,805	7,690	7,672	7,393	7,342	7,476	7,768	3,264	3,034	1.50%
Administrative & Support & Waste Management	41,628	40,840	38,486	36,268	33,722	33,060	31,076	29,972	26,902	1.93%
Administrative and Support Services	39,461	39,488	37,195	35,147	32,667	32,035	30,019	28,758	25,632	-0.07%
Educational and Health Services	73,648	70,095	67,990	65,222	62,348	59,825	56,965	53,025	50,578	5.07%
Educational Services	8,172	7,841	7,957	7,397	6,904	6,261	5,991	5,479	5,369	4.23%
Health Care & Social Assistance	65,476	62,254	60,033	57,825	55,444	53,564	50,974	47,546	45,209	5.17%
Hospitals	15,776	14,363	13,146	13,161	13,045	13,312	12,914	11,679	11,139	9.84%
Leisure and Hospitality	63,331	59,700	57,356	55,563	54,398	53,260	53,052	52,584	51,464	6.08%
Arts, Entertainment, &d Recreation	9,192	8,309	7,794	7,607	7,526	7,240	6,953	6,625	6,888	10.62%
Accommodation & Food Services	54,139	51,391	49,562	47,956	46,872	46,020	46,099	45,959	44,576	5.35%
Accommodation	8,919	8,380	8,105	7,952	7,770	7,710	7,990	8,205	8,315	6.43%
Food Services & Drinking Places	45,220	43,011	41,457	40,004	39,102	38,310	38,108	37,754	36,261	5.14%
Other Services	19,425	18,937	18,477	18,274	18,170	18,043	18,145	17,642	17,140	2.58%
Total Government	117,498	117,092	114,907	114,451	113,046	112,036	110,166	108,220	105,071	0.35%
Federal Government	13,064	12,797	13,071	13,317	13,627	13,559	13,287	13,502	12,836	2.09%
State & Local Government	104,433	104,295	101,836	101,133	99,419	98,477	96,880	94,718	92,235	0.13%
State Government	29,313	29,840	28,914	29,305	28,703	28,798	28,739	28,154	27,637	-1.77%
State Government Education	13,853	14,423	13,745	14,160	13,703	13,540	13,313	13,002	12,638	-3.95%
State Government Administration	15,460	15,417	15,168	15,145	15,000	15,258	15,425	15,152	14,999	0.28%
Local Government	75,120	74,455	72,922	71,829	70,716	69,679	68,141	66,564	64,598	0.89%
Local Government Education	39,254	38,741	37,529	36,641	36,226	36,112	35,726	34,959	34,084	1.33%
Local Government Administration	32,556	32,603	32,411	32,221	31,608	30,881	29,915	29,080	28,528	-0.15%
Local Government Tribes	3,310	3,110	2,982	2,966	2,883	2,686	2,501	2,525	1,986	6.41%

Footnote: The methodology used to compute the labor force data was revised in January 2005. The 2000-2005 data is based on the new methodology.
The data prior to 2000 has been revised
*Benchmarked Data
**Estimates include all full- or part-time wage and salary workers who worked or received pay in the following industry groups during the pay period ending the 12th of the month.
Source: Idaho Department of Labor, Public Affairs - March 14, 2008

TABLE 15
STATE OF IDAHO
NONFARM PAYROLL JOBS - BY PLACE OF WORK

	Jan 2008	Dec 2007*	Jan 2007	Percent Change From Last Month	Percent Change From Last Year
Nonfarm Payroll Jobs - NAICS**	634,500	658,000	629,500	-3.6	0.8
Goods Producing	114,400	120,400	117,700	-5.0	-2.8
Natural Resources and Mining	4,300	4,600	4,000	-6.5	7.5
Logging	1,700	1,900	1,800	-10.5	-5.6
Mining	2,600	2,700	2,200	-3.7	18.2
Metal Ore Mining	1,000	1,000	900	0.0	11.1
Construction	46,300	50,400	47,700	-8.1	-2.9
Manufacturing	63,800	65,400	66,000	-2.4	-3.3
Durable Goods	40,900	41,800	42,900	-2.2	-4.7
Wood Product Manufacturing	7,100	7,500	7,800	-5.3	-9.0
Sawmills & Wood Preservation	2,100	2,300	2,500	-8.7	-16.0
Veneer & Engineered Wood Products	1,400	1,400	1,500	0.0	-6.7
Other Wood Product Manufacturing	3,600	3,800	3,800	-5.3	-5.3
Fabricated Metal Product Manufacturing	4,700	4,700	4,600	0.0	2.2
Machinery Manufacturing	3,000	3,000	2,800	0.0	7.1
Computer & Electronic Product Man	14,800	15,100	17,100	-2.0	-13.5
Transportation Equipment Manufacturing	3,500	3,600	3,400	-2.8	2.9
Other Durable Goods	7,800	7,900	7,200	-1.3	8.3
Non-Durable Goods	22,900	23,600	23,100	-3.0	-0.9
Food Manufacturing	14,400	14,600	14,600	-1.4	-1.4
Fruit & Vegetable Preserving & Specialty Food	7,200	7,400	7,400	-2.7	-2.7
Paper Manufacturing	1,700	1,700	1,700	0.0	0.0
Printing and Related Support Activities	1,900	1,900	1,900	0.0	0.0
Chemical Manufacturing	2,300	2,300	2,200	0.0	4.5
Other Nondurable Goods	2,600	3,100	2,700	-16.1	-3.7
Service-Providing	520,100	537,600	511,800	-3.3	1.6
Trade, Transportation, and Utilities	128,700	135,100	128,900	-4.7	-0.2
Trade	108,700	114,100	108,300	-4.7	0.4
Wholesale Trade	27,000	28,500	27,300	-5.3	-1.1
Wholesalers, Durable Goods	12,500	13,100	12,600	-4.6	-0.8
Wholesalers, Nondurable Goods	11,300	11,900	11,800	-5.0	-4.2
Retail Trade	81,700	85,600	81,000	-4.6	0.9
Motor Vehicle and Parts Dealers	12,500	12,700	12,000	-1.6	4.2
Building Material and Garden Equipm	8,700	8,900	9,000	-2.2	-3.3
Food and Beverage Stores	12,200	12,700	12,600	-3.9	-3.2
General Merchandise Stores	17,200	18,300	16,800	-6.0	2.4
Transportation, Warehousing, & Utilities	20,000	21,000	20,600	-4.8	-2.9
Utilities	2,000	2,000	2,000	0.0	0.0
Transportation & Warehousing	18,000	19,000	18,600	-5.3	-3.2
Rail Transportation	1,300	1,300	1,300	0.0	0.0
Truck Transportation	9,300	9,500	9,300	-2.1	0.0
Information	10,700	10,900	10,600	-1.8	0.9
Telecommunications	3,900	3,900	4,000	0.0	-2.5
Financial Activities	31,300	31,900	31,900	-1.9	-1.9
Finance & Insurance	23,300	23,400	23,400	-0.4	-0.4
Real Estate & Rental & Leasing	8,000	8,500	8,500	-5.9	-5.9
Professional and Business Services	78,100	82,500	77,700	-5.3	0.5
Professional, Scientific, & Technical	33,500	33,700	32,400	-0.6	3.4
Scientific Research and Development	7,600	7,800	5,500	-2.6	38.2
Management of Companies & Enterpr	7,500	7,700	7,800	-2.6	-3.8
Administrative & Support & Waste Management	37,100	41,100	37,500	-9.7	-1.1
Administrative and Support Services	35,500	39,500	35,400	-10.1	0.3
Educational and Health Services	73,900	74,900	71,900	-1.3	2.8
Educational Services	8,100	8,200	8,300	-1.2	-2.4
Health Care & Social Assistance	65,800	66,700	63,600	-1.3	3.5
Hospitals	16,200	16,400	15,100	-1.2	7.3
Leisure and Hospitality	61,200	62,300	58,700	-1.8	4.3
Arts, Entertainment, &d Recreation	8,500	8,300	8,000	2.4	6.3
Accommodation & Food Services	52,700	54,000	50,700	-2.4	3.9
Accommodation	9,000	8,900	8,100	1.1	11.1
Food Services & Drinking Places	43,700	45,100	42,600	-3.1	2.6
Other Services	19,000	19,300	18,700	-1.6	1.6
Total Government	117,200	120,700	113,400	-2.9	3.4
Federal Government	12,200	12,500	12,000	-2.4	1.7
State & Local Government	105,000	108,200	101,400	-3.0	3.6
State Government	28,100	30,300	27,300	-7.3	2.9
State Government Education	12,700	14,900	12,300	-14.8	3.3
State Government Administration	15,400	15,400	15,000	0.0	2.7
Local Government	76,900	77,900	74,100	-1.3	3.8
Local Government Education	40,600	41,400	39,800	-1.9	2.0
Local Government Administration	33,000	33,200	31,200	-0.6	5.8
Local Government Tribes	3,300	3,300	3,100	0.0	6.5

*Benchmarked Data

**Estimates include all full- or part-time wage and salary workers who worked/received pay in the industry groups pay period ending the 12th of the month.

Source: Idaho Department of Labor, Public Affairs - March 14, 2008

TABLE 16
State of Idaho
Agricultural Employment Estimates

	January 2008	December 2007	January 2007	Percent Change From Last Month	Percent Change From Last Year
Total Agricultural Employment	34,960	37,880	34,610	-7.7%	1.0%
Operators & Unpaid Family	10,090	10,100	10,100	-0.1%	-0.1%
Hired Workers	24,870	27,780	24,510	-10.5%	1.5%

Source: Idaho Department of Labor, Public Affairs and Research & Analysis Bureau
March 14, 2008

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TABLE 17
STATE OF IDAHO-LARGEST PRIVATE EMPLOYERS

FIRM NAME	DESCRIPTION	RANGE
Micron Technology, Inc	Memory Devices/Semiconductors	Over 5,000
St. Lukes Regional Medical Center	Health Care Provider	Over 5,000
Wal-Mart Associates Inc	Department Store/Food Retailer	Over 5,000
Battelle Energy Alliance LLC*	Nuclear Eng/Enviro Research	3,000 - 5,000
BYU-Idaho	Higher Education	1,000 - 1,500
Hewlett-Packard Company	Laser Printers	3,000 - 5,000
J. R. Simplot Company	Food Proc., Fertilizer, Chem., Mfg.	3,000 - 5,000
New Albertsons Inc	Food Retailer	3,000 - 5,000
CH2M-WG Idaho LLC	Nuclear Eng/Enviro Research	2,000 - 3,000
Kroger Group Corp - Fred Meyer	Department Store/Food Retailer	2,000 - 3,000
Potlatch Forest Products Corporation	Paper and Wood Products Manufacturer	2,000 - 3,000
St. Alphonsus Regional Medical Center	Health Care Provider	2,000 - 3,000
Wells Fargo	Banking Service Provider	2,000 - 3,000
Center Partners	Call Center	1,500 - 2,000
DirecTV Customer Service Inc	Call Center	1,500 - 2,000
Idaho Power Company	Electric Power Generator/Transmitter	1,500 - 2,000
Melaleuca, Inc.	Cosmetics, Vitamins, Soaps	1,500 - 2,000
Qwest Corporation	Communications Technology Provider	1,500 - 2,000
St. Lukes Magic Valley Regional Medical Center	Health Care Provider	1,500 - 2,000
Amalgamated Sugar Company	Food Processor	1,000 - 1,500
Basic American Foods, Inc. - all locations	Food Processor	1,000 - 1,500
Bechtel Bettis Inc	Nuclear Eng/Enviro Research	1,000 - 1,500
Citi Corp. Credit Services Inc	Call Center	1,000 - 1,500
Conagra Foods Packaged Food Co	Food Processor	1,000 - 1,500
Eastern Idaho Regional Medical Center	Health Care Provider	1,000 - 1,500
Hagadone Hospitality Corporation	Full service restaurant	1,000 - 1,500
Personnel Plus Inc	Temporary Help Services	1,000 - 1,500
Teleperformance USA Inc	Communications Technology Provider	1,000 - 1,500
The Home Depot	Home Improvement Center	1,000 - 1,500
Union Pacific Corporation	Rail Transporter	1,000 - 1,500
US Bank NA	Banking Service Provider	1,000 - 1,500
WinCo Foods	Food Retailer	1,000 - 1,500
ADECCO USA Inc	Temporary Help Services	500 - 1,000
AMI Semiconductors - AMI Spinco Inc	Semiconductors	500 - 1,000
ATK - Ammunition Accessories Inc	Ammunition Manufacturer	500 - 1,000
Barret Business Services Inc	Temporary Help Services	500 - 1,000
Bechtel BWXT Idaho*	Nuclear Eng/Enviro Research	500 - 1,000
Blue Cross of Idaho Health Service	Insurance Services Provider	500 - 1,000
Boise Cascade LLC	Paper and Wood Products Manufacturer	500 - 1,000
Broullim's Foodtown	Food Retailer	500 - 1,000
Coldwater Creek Inc.	Retail Mail-Order Seller	500 - 1,000
Convergys Customer Management Group Inc	Call Center	500 - 1,000
Costco Wholesale Inc.	Wholesale Food/Product Retailer	500 - 1,000
Darmody Enterprises Ltd (McDonalds)	Fast Food Restaurant	500 - 1,000
Dell USA LP	Customer Service Center	500 - 1,000
Dickinson Frozen Foods Inc	Food Processor	500 - 1,000
Electronic Data Systems Corporation	Customer Service Center	500 - 1,000
Employer Resource Management	Employee Leasing Agency	500 - 1,000
General Mills Restaurants (Red Lobster & Olive Garden)	Full service restaurant	500 - 1,000
Glaniba Foods Inc	Food Processor	500 - 1,000
H J Heinz Company LP	Food Processor	500 - 1,000
HB Boys LC (Burger King)	Fast Food Restaurant	500 - 1,000
Idaho Elks Rehabilation Hospital	Rehabilitation Hospital	500 - 1,000
IES LLC	Temporary Help Services	500 - 1,000
J C Penney Co., Inc.	Department Store	500 - 1,000
Jack In the Box Inc	Fast Food Restaurant	500 - 1,000
Jacksons Food Stores, Inc.	Convenience Store Chain	500 - 1,000
K Mart Corporation	Department Store	500 - 1,000
Les Schwab Tire Centers of Boise Inc	Tire Dealer	500 - 1,000
Lowes HIW Inc	Home Improvement Center	500 - 1,000
Macy's Department Stores Inc	Department Store	500 - 1,000
Maverick Country Stores	Convenience Store Chain	500 - 1,000
McCain Foods USA	Food Processor	500 - 1,000
Mercy Medical Center	Health Care Provider	500 - 1,000
MOTIVEPOWER INC	Locomotive Restoration/Manufacturing	500 - 1,000

Source: Idaho Department of Labor and other sources

*Prime contractor at INEEL.

TABLE 18
State of Idaho
Comparison of Idaho and National Average Annual Wage

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
1992	21,613	27,410
1993	22,051	27,807
1994	22,728	28,279
1995	23,594	29,148
1996	24,147	30,237
1997	24,803	31,582
1998	25,822	33,219
1999	26,992	34,622
2000	28,657	36,642
2001	28,736	37,493
2002	29,209	38,214
2003	29,768	39,330
2004	30,968	41,046
2005	31,938	42,392
2006	33,769	44,220
2007	35,120	46,267

Source: Idaho Division of Financial Management
Idaho Economic Forecast Released April 2007

TABLE 19
State of Idaho
Population Trends
Idaho's Population Base

1992	1,071,685
1993	1,108,768
1994	1,145,140
1995	1,177,322
1996	1,203,083
1997	1,228,520
1998	1,252,330
1999	1,275,674
2000	1,299,578
2001	1,320,918
2002	1,342,103
2003	1,364,038
2004	1,391,751
2005	1,425,894
2006	1,463,878
2007	1,499,402

Source: U.S. Bureau of the Census

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APPENDIX B

PLAN OF FINANCE

STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2008
PRINCIPAL AMOUNT $600,000,000

RON G. CRANE, the duly elected, qualified, and acting Treasurer of the State of Idaho, hereby certifies as follows:

ARTICLE I

DEFINITIONS AND PURPOSE

Section 1.1: DEFINITIONS

As used in this document, the following terms shall have the following definitions:

Act means Title 63, Chapter 32, Idaho Code, pursuant to which the Notes are authorized, issued, and sold.

Authenticating and Paying Agent means a national bank doing business in New York, New York, appointed by the State Treasurer pursuant to Section 3.5 of this Plan in the event that Certificated Notes are issued.

Beneficial Owner(s) means the owners or Holders of Notes whose ownership is recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries in the Book-Entry-Only System of the Depository.

Board of Examiners means the State Board of Examiners created pursuant to Article IV, Section 18, Idaho Constitution, and Chapter 20, Title 67, Idaho Code.

Book-Entry-Only System means the system of recordation of ownership of the Notes on the books of the Depository pursuant to Article III of this Plan.

Certificated Note(s) means a Note or Notes evidenced by a printed certificate or certificates in the event that the Book-Entry-Only System is discontinued.

Code means the Internal Revenue Code of 1986, as amended.

Depository means The Depository Trust Company, New York, New York, its successor corporation, or such other depository as may subsequently be designated by the Treasurer.

Escrow Agent means U.S. Bank National Association, Salt Lake City, Utah, as escrow agent for the Note Payment Account designated pursuant to Section 2.6 of this Plan, and as paying agent for the Notes, so long as the Notes are issued in book-entry-only form, designated pursuant to Section 3.1 of this Plan.

Escrow Agreement means the escrow agreement between the State Treasurer and the Escrow Agent substantially in the form of Exhibit "E" which is annexed hereto and by reference made a part of this Plan.

Fiscal Year means the 2008-2009 fiscal year of the State, commencing on July 1, 2008, and ending on June 30, 2009.

General Fund means the general fund of the State.

General Tax Revenues means income and revenue from taxes, whether specific, ad valorem, excise, income, franchise, or license.

Global Note(s) means the typewritten Note or Notes in the aggregate principal amount of the Notes, dated as of the date of delivery of the Notes, and registered in the name of the Nominee.

Governor means the Governor of the State of Idaho.

Holder or Holders means (i) so long as the Book-Entry-Only System is in effect, the Beneficial Owners, or (ii) in the event that the Book-Entry-Only System is discontinued, the holders of Certificated Notes.

Letter of Representations means the Blanket Issuer Letter of Representations between the State Treasurer and the Depository, relating to the Book-Entry-Only System, substantially as set forth in Exhibit "D" which is annexed hereto and by reference made a part of this Plan.

Nominee means Cede & Co. as nominee for the Depository, or such nominee as the Depository may substitute therefor.

Note Payment Account means the "Tax Anticipation Notes, Series 2008, Note Payment Account" within the Tax Anticipation Note Redemption Fund of the State created by Section 63-3203, Idaho Code, established pursuant to Section 2.6 of this Plan.

Notes means the State of Idaho Tax Anticipation Notes, Series 2008, issued in the principal amount of $600,000,000.

Official Statement means the disclosure statement relating to the Notes, jointly approved by the State Treasurer and the Underwriter, and includes the Preliminary Official Statement.

Participant or Participants means banks and broker-dealer participants and correspondents, including indirect participants, that are related to entries on the Book-Entry-Only System of the Depository.

Plan means this Plan of Financing, dated as of June 18, 2008, authorizing the issuance, sale, and delivery of the Notes.

Preliminary Official Statement means the preliminary disclosure statement relating to the Notes, jointly approved by the State Treasurer and the Underwriter.

Purchase Contract means the Note Purchase Contract, dated as of June 18, 2008, between the State and the Underwriter, providing for the sale of the Notes, substantially in the form of Exhibit "A" which is annexed hereto and by reference made a part of this Plan.

Secretary of State means the Secretary of State of the State of Idaho.

State means the State of Idaho.

State Controller means the State Controller of the State of Idaho.

State Treasurer means the State Treasurer of the State of Idaho.

Underwriter means Banc of America Securities LLC.

Section 1.2: PURPOSE

The Notes are being issued pursuant to the Act for the purpose of providing funds for the payment of current expenses in anticipation of the receipt of General Tax Revenues for the Fiscal Year. This document shall constitute the Plan of Financing (the "Plan") of the State Treasurer required pursuant to Section 63–3202(2), Idaho Code, and the order of the State Treasurer required by Section 63-3202(3), Idaho Code, in connection with the issuance, sale, and delivery of the Notes.

ARTICLE II

THE NOTES

Section 2.1: The Notes are to be issued, sold, and delivered in accordance with the Act and the Purchase Contract. The maximum principal amount of Notes which may be outstanding at any one time under this Plan is $600,000,000. In accordance with the March 20, 2008, approval of the Board of Examiners for the issuance of not to exceed $2,141,962,500 Tax Anticipation Notes, the State Treasurer reserves the right to file one or more additional Plans of Financing under the authority of the Act during the Fiscal Year.

Section 2.2: The Notes shall be issued in accordance with the Book-Entry-Only System described hereinafter in the form of not more than two typewritten Notes (the "Global Notes") in the aggregate principal amount of $600,000,000, shall be dated as of their date of delivery, shall mature on June 30, 2009, shall bear interest from their date at a fixed rate of 3.0% per annum until paid, calculated on the basis of a thirty-day month and a 360-day year, such interest being payable at maturity, and shall be substantially in the form of the Global Note which is annexed hereto as Exhibit "B" and by reference made a part hereof. The Notes shall not be subject to redemption prior to their stated maturity.

Section 2.3: The Notes shall be issued in anticipation of the General Tax Revenues to be received by the State during the fourth quarter of the Fiscal Year, and the Notes shall be secured by an irrevocable pledge of the income and revenues from the taxes so anticipated. Each Note so issued shall recite that it is a valid and binding obligation of the State, and that the faith and credit of the State is solemnly pledged for the payment of the principal thereof and interest thereon in accordance with its terms and the Constitution and laws of the State.

Section 2.4: The Notes shall be registered prior to their issuance in the office of the State Controller. A legend to that effect shall appear on the Global Notes and, in the event that the Book-Entry-Only System is discontinued, on each Certificated Note.

Section 2.5: The Notes shall be payable in accordance with the provisions of the Book-Entry-Only System as set forth in Article III of this Plan. In the event that the Book-Entry-Only System is discontinued and Certificated Notes are issued, the Notes shall be payable, principal and interest, on their maturity date, at the office of the State Treasurer, at Boise, Idaho, or, at the option of the Holders of the Certificated Notes, at the principal corporate trust office of the Authenticating and Paying Agent, New York, New York, which is hereby designated, pursuant to Section 67–1221, Idaho Code, as alternative fiscal agent for the State and alternative place of payment of principal of and interest on the Certificated Notes.

Section 2.6: There is hereby established within the Tax Anticipation Note Redemption Fund of the State, created by Section 63-3203, Idaho Code, the Tax Anticipation Notes, Series 2007, Note Payment Account (the "Note Payment Account") for the payment of the principal of and interest on the Notes. The Corporate Trust Department of U.S. Bank National Association, Salt Lake City, Utah, is hereby appointed as escrow agent (the "Escrow Agent") in accordance with the Escrow Agreement which is annexed hereto as Exhibit "E" and by reference made a part of this Plan. The Note Payment Account shall be held and invested at the direction of the State Treasurer by the Escrow Agent pursuant to the provisions of the Escrow Agreement.

Section 2.7: The Notes are hereby sold to the Underwriter in accordance with the Purchase Contract, at a purchase price of $607,524,000, less an underwriter's discount of $432,000, plus accrued interest, if any.

Section 2.8: As provided in Section 63-3202(b), Idaho Code, immediately upon the issuance and sale of the Notes the State Treasurer shall cause the proceeds of the sale of the Notes to be credited to the General Fund.

ARTICLE III

THE BOOK-ENTRY-ONLY SYSTEM

Section 3.1: The Notes shall initially be issued in the form of fully registered Notes in book-entry-only form (the "Book-Entry-Only System"), with no Notes being made available to Beneficial Owners thereof, as provided in the Letter of Representations between the State Treasurer and the Depository. So long as the Notes are issued in book-entry-only form, the State shall recognize the Depository or its Nominee as the owner of the Notes for all purposes. Beneficial ownership interests in the Notes will be available through Participants in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. By purchasing a beneficial interest therein, a Beneficial Owner shall be deemed to have waived the right to receive a Certificated Note, except as provided hereinafter. Ownership of the Notes shall be recorded through entries on the books of banks and broker-dealer participants and correspondents (the "Participants") that are related to entries on the Book-Entry-Only System of the Depository. The Notes shall be initially issued in the form of not more than two typewritten Notes (the "Global Notes"). The Global Notes shall be executed by the manual signature of the Governor, countersigned by the manual signature of the State Treasurer, and attested by the manual signature of the Secretary of State. The Global Notes shall be registered in the name of the Nominee and, upon payment therefor in accordance with the terms and conditions of the Purchase Contract, including accrued interest, if any, to delivery, shall be lodged with the Depository until maturity of the Notes. The Escrow Agent shall be the paying agent for the Notes. The Escrow Agent shall remit payment for the principal of and interest on the Notes at maturity, in lawful money of the United States, directly to the Depository, so long as Depository or its Nominee is the registered owner of the Notes, for distribution to the Beneficial Owners of the Notes by recorded entry on the books of the Depository.

Section 3.2: With respect to Notes registered in the name of the Nominee, the State shall have no responsibility to any Participant, or to any Beneficial Owner on behalf of which such Participant acts as agent, with respect to:

(i) the sending of transaction statements, or maintenance, supervision, or review of records of the Depository;

(ii) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Notes;

(iii) the delivery to any Participant, the Beneficial Owners, or any other person of any notice with respect to the Notes;

(iv) the payment to any Participant, Beneficial Owner, or any other person other than the Depository or its Nominee of any amount with respect to principal of or interest on the Notes;

(v) any consent given or other action taken by the Depository or its Nominee as owner of the Notes.

Section 3.3: The State shall cause to be paid, by the Escrow Agent, as set forth in the Escrow Agreement, on or before the date of maturity of the Notes, all of the principal of and interest on the Notes to the Nominee, and such payment shall be valid and effective fully to satisfy and discharge the State's obligation to any Participant, Beneficial Owner, or other person with respect to payment thereof to the extent of the sum or sums so paid. Transfer of principal and interest payments on the Notes shall be the responsibility of the Depository and its Participants, and the State shall have no liability therefor.

Section 3.4: Upon delivery by the Depository to the State of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Plan shall be deemed to refer to such new nominee.

Section 3.5: (A) In the event that either the State or the Depository shall determine to discontinue the services as set forth in the Letter of Representations, and the State elects not to designate another qualified securities depository to replace the Depository, then the State will discontinue the use of the Book-Entry-Only System and will cause to be issued Certificated Notes to the Beneficial Owners as Holders of the Notes. The Certificated Notes shall be issued in bearer form in the aggregate principal amount of $600,000,000, shall be dated as of the date of delivery of the Global Notes, shall mature on June 30, 2009, shall bear interest (which shall include interest accrued during the time the Notes were in book-entry-only form) from their date at the same rate as the Global Note, payable at maturity, and shall be substantially in the form of the Note annexed hereto as Exhibit "C."

(B) Certificated Notes shall be executed by the facsimile signature of the Governor, countersigned by the facsimile signature of the State Treasurer, and attested by the facsimile signature of the Secretary of State. The State Treasurer will designate an Authenticating and Paying Agent for the Certificated Notes. Only such Certificated Notes as shall bear thereon a certificate of authentication in the form set forth on Exhibit "C," manually executed by an authorized officer of the Authenticating and Paying Agent, shall be valid for any purpose. Such certificate of authentication shall be conclusive evidence that the Certificated Notes so authenticated have been duly executed, authenticated, and delivered hereunder and shall be entitled to the benefits of this Plan. The Authenticating and Paying Agent shall be responsible for its representations contained in the certificate of authentication on the Certificated Notes. The Certificated Notes shall be payable in the manner set forth in Section 2.5 hereinabove.

(C) In the event that Certificated Notes are issued, the State shall cause the Beneficial Owners to be notified of the discontinuance of the Book-Entry-Only System, issuance of Certificated Notes, and the appointment of the Authenticating and Paying Agent, and, within fifteen (15) days of the maturity date of the Notes, cause notice of the payment date and place to be published once in a financial journal published in New York, New York.

ARTICLE IV

COVENANTS

Section 4.1: All income and revenues from the taxes specified in Section 2.3 hereof, collected during the fourth quarter of the Fiscal Year (save and except only those revenues required, pursuant to Section 63-3067, Idaho Code, to be deposited into the "State Refund Account" and, pursuant to Section 63-3638, Idaho Code, to be deposited into the "Sales Tax Refund Tax Account"), shall be deposited into the Note Payment Account as received until such time as the moneys and investment earnings accumulated therein shall be fully sufficient to pay the principal of the Notes, and the interest thereon, at maturity. All moneys in the Note Payment Account shall be invested only in the following investments permitted by Section 67-1210, Idaho Code: (i) direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America or any agency thereof, or (ii) fully collateralized time certificates of deposit or fully collateralized repurchase agreements. No moneys in the Note Payment Account shall be invested in obligations permitted under paragraphs (c), (e), (g), (h), or (k) of Section 67-1210, Idaho Code. All moneys in the Note Payment Account shall be invested so as to mature on or before June 30, 2009. Nothing herein shall be deemed as prohibiting the State Treasurer from depositing any income and revenues from taxes received prior to the fourth quarter of the Fiscal Year or other available revenues into the Note Payment Account. In accordance with the Act, the funds so accumulated in the Note Payment Account are pledged, appropriated, and set aside solely for such purpose. Any moneys remaining in the Note Payment Account after payment in full of all principal of and interest on the Notes at maturity shall be transferred to the General Account of the State.

Section 4.2: In the event that there are not on deposit in the Note Payment Account, on or before June 30, 2009, tax revenues fully sufficient, together with investment earnings earned or to be earned prior to the date of maturity of the Notes, to pay the principal of and interest on the Notes at maturity, then the State Treasurer shall, on or before June 30, 2009, (1) transfer to the Note Payment Account any moneys available, as authorized by Section 67-1212(2)(a), Idaho Code, in an amount sufficient, together with revenues and investment earnings on deposit in the Note Payment Account, to pay the principal of and interest on the Notes at maturity; or (2) take any or all other legally available actions to cause to be deposited in the Note Payment Account amounts sufficient, together with all other available revenues and investment earnings, to pay the principal of and interest on the Notes at maturity.

Section 4.3: None of the proceeds of the Notes will be (i) loaned to private persons within the meaning of Section 141(c) of the Code, or (ii) used for any private business use within the meaning of Section 141(b) of the Code. For purposes of the preceding sentence, "private persons" means any person or entity (including the federal government) other than a state or local government unit, and "private business use" means use directly or indirectly in a trade or business carried on by any such private person. Accordingly, the Notes will not be "private activity bonds" within the meaning of Section 141 of the Code. The State will take no action which would cause the Notes to become an item of tax preference for alternative minimum tax purposes.

Section 4.4: The State will comply with the provisions of the Code which are necessary for interest paid on the Notes to be exempt from federal income taxation (except for certain minimum taxes on corporations) and will make no use of the proceeds of the Notes that would result in the interest on the Notes being includable in gross income within the meaning of Section 103(a) of the Code, and in particular will take no action which would cause the Notes to become arbitrage bonds within the meaning of Section 148 of the Code. Prior to the issuance of the Notes, the State Treasurer will execute a Tax Certificate with respect to the Notes, and the State will comply with the provisions thereof.

Section 4.5: The State will calculate its actual cumulative cash flow deficit (within the meaning of Code Section 148(f)(4)(B)(iii)(II)) prior to the maturity of the Notes, and will keep accurate records of all investments of the proceeds of the Notes, including earnings on the proceeds of the Notes, and the expenditure thereof. If by a date which is not later than six months after the date on which the Notes are issued, the actual cumulative cash flow deficit has not equaled or exceeded ninety percent (90%) of the proceeds of the Notes, then (i) the State shall account for the investment of the Gross Proceeds (as described in Section 148(f)(6)(B) of the Code and Section 1.148-1(b) of the Treasury Regulations) of the Notes and make the required arbitrage rebate payments to the federal government from the proceeds of the Notes or from any other legally available source (provided, however, that this obligation shall not be construed as constituting a debt or liability of the State within the meaning of any constitutional or statutory limitation upon the incurrence of the indebtedness by the State) at the times, upon the terms and conditions, and in the manner specified in Section 148(f) of the Code and the Treasury Regulations promulgated in connection therewith, and (ii) the State shall keep and retain or cause to be kept and retained, until the date six years after the retirement of the last Note, adequate records with respect to the Notes and the investment and expenditure of proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of Gross Proceeds of the Notes including (a) purchase price of such investments, (b) purchase date, (c) type of security or investment, (d) accrued interest paid on the investment (if any), (e) interest rate (if applicable), (f) dated date (if applicable), (g) principal amount, (h) date of maturity, (i) interest payment dates (if applicable), (j) date of liquidation, (k) amounts received upon liquidation of such investments, and (l) the market value of such security or investment on the date it became Gross Proceeds of the Notes and on the date of the retirement of the last Note if then held by the State.

In addition, the State will not enter into any transaction or cause any transaction to be entered into which reduces the amount which may be required to be paid to the federal government pursuant to the arbitrage rebate requirements specified above, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Notes not been relevant to either party.

The State represents that it is legally authorized to pay rebates to the United States as required by Section 148(f) of the Code, and that its expected cumulative cash flow deficit exceeds ninety percent of the proceeds of the Notes.

Section 4.6: The State will comply with the applicable requirements of Rule 15c2-12(b)(5)(i)(C) of the U.S. Securities and Exchange Commission with respect to the disclosure of certain material events with respect to the Notes, and hereby covenants and agrees with and for the benefit of the Holders of the Notes to provide, in a timely manner, to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board, and to the state information repository for the State of Idaho, notice of any of the following events with respect to the Notes, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Notes; (7) modifications to rights of Note Holders; (8) Note calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes; and (11) rating changes. Holders of the Notes may enforce specific performance of the foregoing undertakings by any available judicial proceeding; provided, however, that the failure of the State to perform such undertakings shall not constitute an event of default with respect to the Notes, nor shall any such failure render the State liable for monetary damages to any Holder or transferee of the Notes.

ARTICLE V

MISCELLANEOUS

Section 5.1: In connection with the public offering of the Notes by the Underwriter, the use of a Preliminary Official Statement and a final Official Statement is hereby authorized. Pursuant to Securities and Exchange Commission Rule 15c2-12, the State deems the Preliminary Official Statement as final as of its date except for the omission of information dependent upon the pricing of the Notes, such as offering price, interest rate, selling compensation, delivery date, or other terms dependent upon the foregoing matters. The State hereby agrees to deliver or cause to be delivered, within seven (7) business days after any final agreement to purchase the Notes copies of a final Official Statement in sufficient quantity to comply with paragraph (b)(4) of Securities and Exchange Commission Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

Section 5.2: Any notices shall be given as follows: If to the State, to: State Treasurer, State Capitol Building, Boise, Idaho 83720; if to the Underwriter, to: Banc of America Securities LLC, 800 5th Avenue, Floor 34, Seattle, Washington 98104, Attn: Northwest Public Finance; if to the Depository, to: The Depository Trust Company, 55 Water Street, New York, New York 10041; if to the Escrow Agent, to U.S. Bank National Association, Attn: Corporate Trust Department, 170 South Main Street, Suite 200, Salt Lake City, Utah 84101.

Section 5.3: IN WITNESS WHEREOF, I have hereunto subscribed my official signature at Boise, Idaho, as of the 18th day of June, 2008.

____
Ron G. Crane
State Treasurer

FILED in the Office of the Governor of the State of Idaho this ____ day of June, 2008.

By________________________________
Office of the Governor

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

MOORE SMITH BUXTON & TURCKE, CHARTERED
ATTORNEYS AND COUNSELORS AT LAW
950 W. BANNOCK STREET, SUITE 520; BOISE, ID 83702
TELEPHONE: (208) 331-1800 FAX: (208) 331-1202 WWW.MSBTLAW.COM

STEPHANIE J. BONNEY≈ SUSAN E. BUXTON* PAUL J. FITZER JILL S. HOLINKA BRUCE M. SMITH PAUL A. TURCKE◊ CARL J. WITHROE»* TAMMY A. ZOKAN+	JOHN J. MCFADDEN*‡*Of Counsel* MICHAEL C. MOORE‡*Of Counsel* » Also admitted in California + Also admitted in New Mexico * Also admitted in Oregon ◊ Also admitted in South Dakota ≈ Also admitted in Utah ‡ Also admitted in Washington

July 1, 2008

The Hon. Ron G. Crane
State Treasurer
Statehouse Room 102
Boise, Idaho 83720

Banc of America Securities LLC
600 Montgomery Street
18th Floor - Public Finance
San Francisco, California 94111

Re: State of Idaho Tax Anticipation Notes, Series 2008, in the Principal Amount of $600,000,000

Dear Mr. Crane, Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the State of Idaho (the "State") of its Tax Anticipation Notes, Series 2008 (the "Notes"), which are dated July 1, 2008, mature on June 30, 2009, bear interest at the rate of three percent (3.0%) per annum, and are issued in the aggregate principal amount of $600,000,000.

The Notes have been sold to Banc of America Securities LLC pursuant to a Note Purchase Contract dated as of June 18, 2008. We refer you to the Plan of Financing executed on June 18, 2008, pursuant to which the Notes are issued, for a description of the purpose for which the Notes are issued, the security for the Notes, the manner in which the principal of and interest on the Notes are payable, and all other details of the Notes.

We have relied upon the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation. We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We have examined the Constitution and laws of the State of Idaho, including Title 63, Chapter 32, Idaho Code, and such other laws, proceedings (prepared, in part, by us) relating to the issuance and sale of the Notes, and other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of issuance and delivery of the Notes.

Based upon our examination, we are of the opinion, under existing law and as of the date hereof:

1. The State has full power and authority under the Constitution and statutes of the State to borrow money for the purposes set forth in the Plan of Financing, to issue and sell the Notes, and to enter into and perform its obligations under the Plan of Financing and the Note Purchase Contract.

2. The Notes have been legally authorized, issued, and sold under and pursuant to the Constitution and laws of the State of Idaho and constitute valid and legally binding obligations of the State, payable from the "Tax Anticipation Notes, Series 2008, Note Payment Account" established by the Plan of Financing within the Tax Anticipation Note Redemption Fund of the State. The faith and credit of the State is pledged for the payment of the principal of and interest on the Notes.

3. The Plan of Financing and the Note Purchase Contract have been duly and validly authorized, executed, and delivered by the State, and, assuming the due and proper authorization, acceptance, and execution by the other parties thereto to the extent applicable, will constitute valid and legally binding obligations of the State, enforceable in accordance with their respective terms.

4. Except as discussed below, the interest on the Notes is excludable from the gross income of the owners for federal income tax purposes. We are further of the opinion that the interest will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the State with, certain representations and covenants regarding the use and investment of the proceeds of the Notes. Under the Code, the State is required to comply with certain requirements subsequent to the issuance of the Notes to maintain the exclusion of interest from gross income for federal income tax purposes, including requirements relating to the application and investment of the proceeds of the Notes

and use of facilities financed with such proceeds. The State has covenanted to comply with these requirements, and the opinion expressed in this paragraph 4 hereof assumes such compliance. However, we have not undertaken and do not undertake to monitor compliance by the State with such requirements; and if the State should fail to comply with such requirements, the interest on the Notes could become includable in gross income for federal and State of Idaho income tax purposes retroactive to the date of issuance of the Notes.

5. Interest on the Notes is excluded from gross income for purposes of income taxation by the State of Idaho, to the same extent that such interest is excluded from gross income for purposes of federal income taxation.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences arising with respect to the Notes. Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral tax consequences.

The opinions set forth above are qualified only to the extent that certain rights and remedies of the holders of the Notes may be limited or rendered ineffective by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

Our opinion is limited to matters of Idaho law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,

MOORE SMITH BUXTON & TURCKE, CHARTERED

Michael C. Moore

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APPENDIX D

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100

countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and

transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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